

INDIANOLA MUNICIPAL UTILITIES



Electric • Communications • Water

**IMU Board of Trustees of the
Electric, Water and Communications Utilities**

March 9, 2020

City Hall Council Chambers

5:30 p.m.

Agenda

1. Call to Order
2. Roll Call
3. Public Comments
4. Consent Agenda
 - A. Claims for March 2 and 9, 2020
 - B. February 24, 2020 Minutes.
5. Electric Utility Action Items
6. Electric Utility Informational Items
7. Water Utility Action Items
 - A. **2020 Vehicle Storage Building Project.**
 1. Resolution Awarding Contract to Construction by Cambron, LLC for the Water Department 2020 Vehicle Storage Building Project.
 2. Resolution Approving Contract and Bond for the Water Department 2020 Vehicle Storage Building Project.
8. Water Utility Informational Items
9. Communications Utility Action Items
 - A. Resolution Approving the Purchase of a Truck for the Communications Department.

10. Communications Utility Informational Items
11. Combined Electric, Water and Communications Utilities Action Items
 - A. Resolution Approving Investment Policy.
 - B. Resolution Amending Current Policies Concerning Utility Billing.
12. Combined Electric, Water and Communications Utilities Informational Items
 - A. **Audit for Fiscal Year ending June 30, 2019**
 1. Presentation of Audit for Fiscal Year ending June 30, 2019.
 2. Consider approval of the Audit for Fiscal Year ending June 30, 2019.
13. Other Business
 - A. Enter into closed session in accordance with Iowa Code Section 21.5(1)(j) to discuss the purchase or sale of particular real estate only where premature disclosure could be reasonably expected to increase the price the governmental body would have to pay for that property or reduce the price the governmental body would receive for that property.
14. Adjourn

IMU Regular Downstairs

4. A.

Meeting Date: 03/09/2020

Information

Subject

Claims for March 2 and 9, 2020

Information

Fiscal Impact

Attachments

Vendor Report 0302

eLation Claims 0309

Vendor Name	Description	Invoice Date	Net Invoice Amount	FUND
BANKERS TRUST COMPANY				
BANKERS TRUST COMPANY	PERIODIC FEES	01/11/2020	25.21	ELECTRIC OPERA
BANKERS TRUST COMPANY	OCT/NOV 2019 FEES	01/11/2020	49.61	ELECTRIC OPERA
BANKERS TRUST COMPANY	PROJECT FEES OCT/NOV	01/11/2020	1,108.76	ELECTRIC OPERA
Total BANKERS TRUST COMPANY:			1,183.58	
BRICK GENTRY P.C.				
BRICK GENTRY P.C.	LABOR NEGOTIATIONS - ADMIN	01/25/2020	540.00	IMU ADMINISTRATI
BRICK GENTRY P.C.	LABOR NEGOTIATIONS	01/25/2020	480.00	ELECTRIC OPERA
Total BRICK GENTRY P.C.:			1,020.00	
CAPITAL EXPRESS				
CAPITAL EXPRESS	BILL CARRIER	02/01/2020	33.25	IMU ADMINISTRATI
Total CAPITAL EXPRESS:			33.25	
CENTRAL IOWA GUTTER INC				
CENTRAL IOWA GUTTER INC	GUTTER & DOWNSPOUT INSTALL	01/27/2020	1,653.00	WATER OPERATIN
Total CENTRAL IOWA GUTTER INC:			1,653.00	
CINTAS CORPORATION				
CINTAS CORPORATION	AED CHECK & CABINET REFILL	02/14/2020	41.01	IMU ADMINISTRATI
Total CINTAS CORPORATION:			41.01	
CITY OF INDIANOLA				
CITY OF INDIANOLA	PROFESSIONAL SERVICES CLERK	02/25/2020	1,675.00	WATER OPERATIN
CITY OF INDIANOLA	EL PILOT TO GENERAL FUND	02/25/2020	39,040.00	ELECTRIC OPERA
CITY OF INDIANOLA	WA PILOT TO GENERAL FUND	02/25/2020	3,808.00	WATER OPERATIN
CITY OF INDIANOLA	WA PILOT TO POLICE FUND	02/25/2020	2,142.00	WATER OPERATIN
CITY OF INDIANOLA	PROFESSIONAL SERVICES HR	02/25/2020	333.00	WATER OPERATIN
CITY OF INDIANOLA	PROFESSIONAL SERVICES IT	02/25/2020	6,625.00	ELECTRIC OPERA
CITY OF INDIANOLA	SERIES 2012B GO DEBT	02/25/2020	4,275.00	WATER OPERATIN
CITY OF INDIANOLA	EL PILOT TO POLICE FUND	02/25/2020	21,960.00	ELECTRIC OPERA
CITY OF INDIANOLA	PROFESSIONAL SERVICES CLERK	02/25/2020	7,266.67	ELECTRIC OPERA
CITY OF INDIANOLA	PROFESSIONAL SERVICES IT	02/25/2020	1,525.00	WATER OPERATIN
CITY OF INDIANOLA	PROFESSIONAL SERVICES HR	02/25/2020	1,450.00	ELECTRIC OPERA
Total CITY OF INDIANOLA:			90,099.67	
CITY OF INDIANOLA - REBATE PROGRAM				
CITY OF INDIANOLA - REBATE	CENTRAL AIR #10-2450101	01/20/2020	200.00	ELECTRIC OPERA
CITY OF INDIANOLA - REBATE	CENTRAL AIR#13-3220103 HOUSTON	01/28/2020	200.00	ELECTRIC OPERA
CITY OF INDIANOLA - REBATE	COMM LIGHTING 17-VINTAGE HILLS	01/16/2020	205.00	ELECTRIC OPERA
CITY OF INDIANOLA - REBATE	COMM LIGHTING, 17-VINTAGE HILLS	01/16/2020	2,512.00	ELECTRIC OPERA
CITY OF INDIANOLA - REBATE	CENTRAL AIR #17-8280101 HENRY	11/21/2019	250.00	ELECTRIC OPERA
CITY OF INDIANOLA - REBATE	CENTRAL AIR #18-0030102 DOUGLAS	01/24/2020	250.00	ELECTRIC OPERA
CITY OF INDIANOLA - REBATE	CENTRAL AIR #24-8470103 GRAY	12/04/2019	200.00	ELECTRIC OPERA
CITY OF INDIANOLA - REBATE	CENTRAL AIR #27-8170101 DANITZ	12/17/2019	200.00	ELECTRIC OPERA
CITY OF INDIANOLA - REBATE	CENTRAL AIR #8-1590101 KENNEDY	01/03/2020	200.00	ELECTRIC OPERA
CITY OF INDIANOLA - REBATE	CENTRAL AIR #9-0180101 CHRISTENSEN	12/06/2019	100.00	ELECTRIC OPERA
Total CITY OF INDIANOLA - REBATE PROGRAM:			4,317.00	

Vendor Name	Description	Invoice Date	Net Invoice Amount	FUND
DES MOINES WATER WORKS				
DES MOINES WATER WORKS	JAN POSTAGE	02/11/2020	2,979.96	IMU ADMINISTRATI
Total DES MOINES WATER WORKS:			2,979.96	
DES PLANQUES, CHRIS				
DES PLANQUES, CHRIS	MILEAGE/LODGING YOUNES CONFERENCE	02/04/2020	645.26	ELECTRIC OPERA
Total DES PLANQUES, CHRIS:			645.26	
DUST PROS JANITORIAL				
DUST PROS JANITORIAL	CLEANING SUPPLIES	02/12/2020	109.50	WATER OPERATIN
Total DUST PROS JANITORIAL:			109.50	
EDEAL, TRENT				
EDEAL, TRENT	CREDIT ON ACCOUNT	02/20/2020	5.98	CASH ALLOCATIO
Total EDEAL, TRENT:			5.98	
HOFFMAN, ANNA				
HOFFMAN, ANNA	REFUND ON ACCT	02/06/2020	44.71	CASH ALLOCATIO
Total HOFFMAN, ANNA:			44.71	
INFOMAX OFFICE SYSTEMS INC.				
INFOMAX OFFICE SYSTEMS IN	SAVIN - J1251 - WA	01/27/2020	163.21	WATER OPERATIN
INFOMAX OFFICE SYSTEMS IN	SAVIN - J1730 - EL	01/27/2020	163.21	ELECTRIC OPERA
INFOMAX OFFICE SYSTEMS IN	LEXMARK - H8477 - ADMIN	01/27/2020	163.21	IMU ADMINISTRATI
INFOMAX OFFICE SYSTEMS IN	SAVIN - J2038 - ADMIN	01/27/2020	163.22	IMU ADMINISTRATI
Total INFOMAX OFFICE SYSTEMS INC.:			652.85	
INNOVATIVE SYSTEMS				
INNOVATIVE SYSTEMS	CASELLE CONVERSION TO ELATION	02/07/2020	6,652.50	ELECTRIC CAPITA
INNOVATIVE SYSTEMS	CASELLE CONVERSION TO ELATION	02/07/2020	6,652.50	WATER CAPITAL P
Total INNOVATIVE SYSTEMS:			13,305.00	
IOWA ASSOC OF MUN UTILITIES				
IOWA ASSOC OF MUN UTILITIE	2020-21 MEMBER DUES	02/07/2020	1,050.00	WATER OPERATIN
IOWA ASSOC OF MUN UTILITIE	2020-21 MEMBER DUES	02/07/2020	17,567.00	ELECTRIC OPERA
Total IOWA ASSOC OF MUN UTILITIES:			18,617.00	
IOWA ONE CALL				
IOWA ONE CALL	EMAIL	02/14/2020	118.80	WATER OPERATIN
Total IOWA ONE CALL:			118.80	
KINNE, ALEXIS				
KINNE, ALEXIS	REFUND ON ACCOUNT	02/03/2020	96.39	CASH ALLOCATIO
Total KINNE, ALEXIS:			96.39	
MCCOY HARDWARE INC				
MCCOY HARDWARE INC	AUTO/MARINE SEAL	02/11/2020	4.04	WATER OPERATIN

Vendor Name	Description	Invoice Date	Net Invoice Amount	FUND
Total MCCOY HARDWARE INC:			4.04	
MELLEN & ASSOCIATES INC				
MELLEN & ASSOCIATES INC	REPAIRS	02/06/2020	12,154.11	WATER CAPITAL P
Total MELLEN & ASSOCIATES INC:			12,154.11	
MUNICIPAL ENERGY AGENCY OF NEBRASKA				
MUNICIPAL ENERGY AGENCY	TRANSMISSION - DEC 19	02/12/2020	60,036.99	ELECTRIC OPERA
MUNICIPAL ENERGY AGENCY	PURCHASED POWER - DEC 19 (NET ELECT	02/12/2020	713,624.01	ELECTRIC OPERA
MUNICIPAL ENERGY AGENCY	PURCHASED POWER - DEC 19 (WELL KWh)	02/12/2020	1,977.98	WATER OPERATIN
MUNICIPAL ENERGY AGENCY	80% 69 KV 30.9 CREDIT/ADMIN FEE - DEC 19	02/12/2020	32,311.75-	ELECTRIC CAPITA
MUNICIPAL ENERGY AGENCY	WIND & LANDFILL GAS ATRIBUTES - DEC 19	02/12/2020	31,541.24	ELECTRIC OPERA
MUNICIPAL ENERGY AGENCY	IND TRANS SYSTEM OPERATOR CHARGE -	02/12/2020	.00	ELECTRIC OPERA
MUNICIPAL ENERGY AGENCY	20% 69 KV 30.9 CREDIT / ADMIN FEE - DEC 1	02/12/2020	8,077.94-	ELECTRIC OPERA
Total MUNICIPAL ENERGY AGENCY OF NEBRASKA:			766,790.53	
NORTHWAY WELL & PUMP CO.				
NORTHWAY WELL & PUMP CO.	HIGH SERVICE PUMP #1	01/31/2020	7,010.00	WATER CAPITAL P
Total NORTHWAY WELL & PUMP CO.:			7,010.00	
QUALITY PEST CONTROL				
QUALITY PEST CONTROL	PEST CONTROL	02/07/2020	153.24	IMU ADMINISTRATI
Total QUALITY PEST CONTROL:			153.24	
THEISEN'S				
THEISEN'S	GAUGE	02/20/2020	17.98	WATER OPERATIN
Total THEISEN'S:			17.98	
ZIMMERMAN, MARY				
ZIMMERMAN, MARY	US TRAINING	02/04/2020	240.00	IMU ADMINISTRATI
Total ZIMMERMAN, MARY:			240.00	
Grand Totals:			921,292.86	

City Council: _____

AP Check Preview

Date Range: All Dates

Indianola Municipal Utilities

Thursday, March 5, 2020
3:20:31 PM

Vendor	Due Date	Notes	Terms	Bill Total	Discount	Interest	Amount Due	Payment	Invoice Number	Bill Number
Account To Be Paid From			0000-11101-999							
Big Ten Network - VEND-1096										
3/14/2020	Monthly Subs	Net 30	1,547.80	0.00	15.00	1,547.80	1,547.80	R28762	BL-2417	
						1,547.80	1,547.80			
CDW Government - VEND-1029										
3/4/2020	Adtran Equipment	Net 30	1,765.42	0.00	15.00	1,765.42	1,765.42	WRJ2031	BL-2420	
3/18/2020	Adtran Equipment	Net 30	36.20	0.00	15.00	36.20	36.20	WWB8145	BL-2421	
						1,801.62	1,801.62			
Cedar Falls Utilities - VEND-1045 - BL-2422										
3/25/2020	IPTV User Guide	Net 30	380.00	0.00	15.00	380.00	380.00	90624	BL-2422	
						380.00	380.00			
Cedar Falls Utilities - VEND-1045 - BL-2423										
4/1/2020	28E Agreement	Net 30	6,516.19	0.00	15.00	6,516.19	6,516.19	90637	BL-2423	
						6,516.19	6,516.19			
Cintas Corporation - VEND-1007										
3/26/2020	Supplies	Net 30	124.63	0.00	15.00	124.63	124.63	5016186208	BL-2424	
						124.63	124.63			
City Of Indianola - VEND-1008 - BL-2425										
3/31/2020	0320 Utilities	Net 30	1,491.56	0.00	15.00	1,491.56	1,491.56	0320 Utilities	BL-2425	
						1,491.56	1,491.56			
Consortia Consulting - VEND-1009										
3/20/2020	Consulting	Net 30	900.00	0.00	15.00	900.00	900.00	21037	BL-2426	
						900.00	900.00			
Des Moines Register Media - VEND-1010										
3/1/2020	PH Notice - Rates	Net 30	27.43	0.00	15.00	27.43	27.43	3171447-IMU	BL-2415	
						27.43	27.43			
Doug Shull - VEND-1105										
4/4/2020	0320 Treasurer Contract	Net 30	7.50	0.00	15.00	7.50	7.50	0320 Treasurer Contract	BL-2416	
						7.50	7.50			

AP Check Preview

Date Range: All Dates

Indianola Municipal Utilities

Thursday, March 5, 2020

3:20:31 PM

Vendor Due Date	Notes	Terms	Bill Total	Discount	Interest	Amount Due	Payment	Invoice Number	Bill Number
3/21/2020	Supplies	Net 30	166.92	0.00	15.00	166.92	166.92	2188	BL-2438
						166.92	166.92		
Erica & Eric Supinger - VEND-1141 - BL-2413									
3/27/2020	CreditRefund	Net 30	121.81	0.00	15.00	121.81	121.81	00057367-1	BL-2413
						121.81	121.81		
Fox Sports Midwest - VEND-1097									
3/12/2020	Monthly Subs	Net 30	3,834.00	0.00	15.00	3,834.00	3,834.00	R27324	BL-2418
						3,834.00	3,834.00		
Fuse Technic LLC - VEND-1012									
4/1/2020	Consulting	Net 30	3,075.00	0.00	15.00	3,075.00	3,075.00	FT20200302005	BL-2427
						3,075.00	3,075.00		
ImOn Communications LLC - VEND-1072									
3/30/2020	Regulatory & Billing	Net 30	5,510.64	0.00	15.00	5,510.64	5,510.64	INV0033265	BL-2428
						5,510.64	5,510.64		
Infomax Office Systems Inc - VEND-1013									
3/25/2020	Copier Contract	Net 30	1,070.04	0.00	15.00	1,070.04	1,070.04	26540595	BL-2429
						1,070.04	1,070.04		
Innovative Systems - VEND-1048									
4/4/2020	March Elation	Net 30	13,755.00	0.00	15.00	13,755.00	13,755.00	47437	BL-2430
4/3/2020	Bills/Postage	Net 30	1,429.14	0.00	15.00	1,429.14	1,429.14	47491	BL-2431
						15,184.14	15,184.14		
Mid American Energy Co - VEND-1018									
3/21/2020	Utilities	Net 30	295.41	0.00	15.00	295.41	295.41	396957088	BL-2432
						295.41	295.41		
NBC Sports Chicago LLC - VEND-1155									
1/31/2020	Monthly Subs	Net 30	2,733.50	0.00	15.00	2,733.50	2,733.50	D43273	BL-2419
						2,733.50	2,733.50		
Overhead Door Co. Of Des Moines Inc. - VEND-1056									
3/14/2020	Door Repair	Net 30	319.07	0.00	15.00	319.07	319.07	SVC/19046	BL-2433
						319.07	319.07		

AP Check Preview

Date Range: All Dates

Indianola Municipal Utilities

Thursday, March 5, 2020

3:20:31 PM

Vendor	Due Date	Notes	Terms	Bill Total	Discount	Interest	Amount Due	Payment	Invoice Number	Bill Number
TelCom Construction Inc. - VEND-1053										
	2/9/2020	Contract Retainage	Net 30	8,882.17	0.00	15.00	8,882.17	8,882.17	IMU001	BL-2434
							8,882.17	8,882.17		
Unite Private Networks - VEND-1054										
	3/31/2020	Dark Fiber	Net 30	3,055.39	0.00	15.00	3,055.39	3,055.39	SI-20-003460	BL-2435
							3,055.39	3,055.39		
Waste Management - VEND-1086										
	2/28/2020	Garbage Service	Net 30	58.58	0.00	15.00	58.58	58.58	6713923-0516-3	BL-2436
							58.58	58.58		
Wisconsin Independent Network, LLC - VEND-1067										
	3/31/2020	GB Ethernet/Internet Service	Net 30	6,493.17	0.00	15.00	6,493.17	6,493.17	WIN004337	BL-2437
							6,493.17	6,493.17		
Check Count: 23				Totals:			\$63,596.57	\$63,596.57		

IMU Regular Downstairs
Meeting Date: 03/09/2020

4. B.

Information

Subject

February 24, 2020 Minutes.

Information

Fiscal Impact

Attachments

Minutes 0224

BOARD OF TRUSTEE MINUTES - REGULAR SESSION – February 24, 2020

The Board of Trustees met in regular session on February 24, 2020, in the City Hall Council Chambers. Chairperson Mike Rozga called the meeting to order at 5:30 pm and on roll call the following members were present: Lesley Forbush, Mike Rozga, Adam Voigts and Jim McClymond. Absent: None.

The October 2019 Treasurer's Report was moved to the consent agenda. The consent agenda consisting of the following was approved on a motion by Forbush and seconded by Voigts. Question was called for and on voice vote the Chairperson declared the motion carried unanimously.

Claims list for February 18 and 24, 2020.

Minutes from February 12, 2020.

Treasurer's Report for October 2019.

Electric Utility Action Items – Resolution 2020-07 in support of the Grow Solar Program was introduced on a motion by Forbush and seconded by McClymond. Question was called for and on voice vote the Chairperson declared the motion carried unanimously.

Electric Utility Informational Items – Mike Metcalf, Electric Superintendent, reported on the Electric Utility Informational Items which included tree trimming and a small outage near Simpson College on February 23.

Communications Utility Informational Items – Kurt Ripperger, Telecommunications Superintendent, updated the Board on the Communications Utility Informational Items which included working on the MCG conversion.

Combined Electric, Water and Communications Utilities Action Items

This being the time and place fixed for a public hearing on the matter of the Fiscal Year 21 budget, the Chairperson called for any oral comments to the approval of the budget. Margaret Vernon asked when the budget discussions were held and if they included supporting renewable energy. McClymond would like to see more money put towards residential renewable energy credits. Voigts suggested studying the program more and amending the budget as necessary throughout the year. Rozga would like to target \$25,000 towards the program. Chris Des Planques talked about the program, how to fund it, doing amendments to the budget and speaking with IAMU about the program.

Kelly Shaw, 101 Phillip Place, had a question about the ending fund balance and major projects. Chris Des Planques provided a recap of the projects and the Board explained the fund balances.

No other oral comments were offered, and the Deputy City Clerk reported that no written objections had been filed.

McClymond moved and Forbush seconded Resolution 2020-08 approving the Fiscal Year 21 budget. On roll call the vote was, AYES: Forbush, Voigts, McClymond and Rozga. NAYS: None. Whereupon the Chairperson declared the motion carried unanimously.

Chris Des Planques, General Manager, led a discussion regarding partial payment application. He laid out how partial payments could be applied when telecommunication is billed with the other utilities and when the LIHEAP period is in affect. Board direction is to bring a revised resolution to the next meeting.

Resolution 2020-09 approving ACH agreements with TruBank was introduced on a motion by Voigts and seconded by McClymond. Question was called for and on voice vote the Chairperson declared the motion carried unanimously.

Chris Des Planques led a discussion about the usage of City of Indianola policies absent of an IMU policy. Rozga noted the City policy is well-thought-out. The Board would like to see the IMU policies updated;

Chris Longer, Head of Finance and HR, said the policies are in the process of being updated. The Board is okay with using City policies in the meantime.

Voigts moved and Forbush seconded Resolution 2020-10 approving the terms of the leave donation policy. Question was called for and on voice vote the Chairperson declared the motion carried unanimously.

Resolution 2020-11 affirming named depositories was approved on a motion by Voigts and seconded by Forbush. Question was called for and on voice vote the Chairperson declared the motion carried unanimously.

Deputy City Clerk, Jackie Raffety, reported that the investment policy will be brought forward to the next Board meeting for approval. Voigts asked if the investment committee was part of the policy and Rozga directed the deputy clerk to provide the Board with current information about the committee.

Dianna Lane, Utility Services Supervisor, updated the Board on the conversion to eLation. The scheduled date to go live is May 4. The Board directed staff to come up with a communications plan and provide it to the Board.

Other Business

At 6:29 pm a motion was made by Forbush and seconded by Voigts to enter into closed session pursuant to Iowa Code section 20.17(3) to discuss marketing and pricing strategies and proprietary information of the telecommunications division whose competitive position will be harmed by public disclosure that is not required of potential or actual competitors and no public purpose is served by such disclosure, pursuant to Section 388.2(1) Code of Iowa. On roll call the vote was, AYES: Voigts, Forbush, McClymond and Rozga. NAYS: None. Whereupon the Chairperson declared the motion carried unanimously.

It was moved by Forbush and seconded by Voigts to come out of closed session at 6:38 pm. On roll call the vote was, AYES: Voigts, McClymond, Forbush and Rozga. NAYS: None. Whereupon the Chairperson declared the motion carried unanimously.

No action was taken on matters discussed in closed session.

Meeting adjourned at 6:39 pm on a motion by Forbush and seconded by Voigts.

Mike Rozga, Chairperson

Jackie Raffety, Deputy City Clerk

IMU Regular Downstairs
Meeting Date: 03/09/2020

7. A.

Information

Subject
2020 Vehicle Storage Building Project.

Information

Fiscal Impact

Attachments

Veenstra & Kimm Letter

Jackie Rabbety



VEENSTRA & KIMM, INC.

3000 Westown Parkway • West Des Moines, Iowa 50266-1320

515-225-8000 • 515-225-7848 (FAX) • 800-241-8000 (WATS)

February 27, 2020

Construction by Cambron, LLC
821 South G Street
Indianola, Iowa 50125

INDIANOLA MUNICIPAL UTILITIES
INDIANOLA, IOWA
2020 VEHICLE STORAGE BUILDING
CONTRACT DOCUMENTS

Enclosed are three copies each of the contract and bond for the 2020 Vehicle Storage Building project which we anticipate the Indianola Municipal Utilities awarding to your company on March 9, 2020.

Please sign all copies of the contract and attest the signature as provided for on page C-2. Execute all copies of the bond as provided for on page B-2. This instruction applies to the person signing on behalf of the Surety as well. Attach to each copy of the bond a current power of attorney for the person signing on behalf of the Surety.

Please furnish three copies each of the necessary certificates of insurance made in favor of Indianola Municipal Utilities showing compliance with the insurance requirements set out in the specifications.

After signing, return all copies to Veenstra & Kimm, Inc. for further processing. A complete set of the contract documents will be returned to you following processing.

Construction by Cambron, LLC
February 27, 2020
Page 2

If you have any questions regarding the contract documents, please contact us at 515-225-8000.

VEENSTRA & KIMM, INC.

Original Signed By
Forrest S. Aldrich

Forrest S. Aldrich

FSA:dml

285101

Enclosures

cc: Chris DesPlanques, Indianola Municipal Utilities

Lou Elbert, Indianola Municipal Utilities

✓ Jackie Raffety, City of Indianola

Jackie Rafferty



VEENSTRA & KIMM, INC.

3000 Westown Parkway • West Des Moines, Iowa 50266-1320

515-225-8000 • 515-225-7848 (FAX) • 800-241-8000 (WATS)

February 27, 2020

Chris DesPlanques
Indianola Municipal Utilities
210 West 2nd Avenue
Indianola, Iowa 50125

INDIANOLA MUNICIPAL UTILITIES
INDIANOLA, IOWA
2020 VEHICLE STORAGE BUILDING
RECOMMENDATION OF AWARD

The Indianola Municipal Utilities received bids until 2:00 P.M., February 27, 2020 for the 2020 Vehicle Storage Building project. A total of four bids were received as follows:

<u>Contractor</u>	<u>Total Bid</u>
Construction by Cambron, LLC	\$299,950
ASI Commercial Construction Services	\$302,000
Absolute Group	\$325,995
Burkett Construction, LLC	\$338,000

The apparent low bid was submitted by Construction by Cambron, LLC from Indianola, Iowa, in the amount of \$299,950.

The engineer's estimate of cost for construction of the project was \$300,000.

We recommend the Indianola Municipal Utilities award the contract to Construction by Cambron, LLC in the amount of \$299,950.

Enclosed is a copy of our tabulation of bids.

Chris DesPlanques
February 27, 2020
Page 2

If you have any questions or comments, please contact us at 225-8000.

VEENSTRA & KIMM, INC.

Original Signed By
Forrest S. Aldrich

Forrest S. Aldrich

FSA:paj
285101R
Enclosure

cc: Lou Elbert, Indianola Municipal Utilities
✓ Jackie Raffety, Indianola Municipal Utilities

BID TABULATION
 INDIANOLA MUNICIPAL UTILITIES
 INDIANOLA, IOWA
 2020 VEHICLE STORAGE BUILDING PROJECT

Construct 2020 Vehicle Storage Building Project for the following lump sum price: 1. Base Bid: Construct pre-engineered nominal 50'x50' metal building with insulation, concrete floor and foundation, doors, overhead doors, mechanical, electrical and miscellaneous associated work, including cleanup. Sitework consists of excavation, grading, paving, sanitary sewer service, electrical service and other miscellaneous work, for the Bid Price of:	Construction by Cambron, LLC 821 S G St. Indianola, IA 50125		ASI Commercial Construction Services 2962 99th Street, Ste 2 Urbandale, IA 50322		Absolute Group 505 1st Ave. Slater, IA 50244		Burkett Construction, LLC P.O. Box 247, 25 Ellefson Dr. De Soto, IA 50069	
	UNIT PRICE	EXTENDED PRICE	UNIT PRICE	EXTENDED PRICE	UNIT PRICE	EXTENDED PRICE	UNIT PRICE	EXTENDED PRICE
	\$ xxxxx	\$ 299,950.00	\$ xxxxx	\$ 302,000.00	\$ xxxxx	\$ 325,995.00	\$ xxxxx	\$ 338,000.00
TOTAL BASE BID		\$299,950.00	\$302,000.00		\$325,995.00		\$338,000.00	

I hereby certify that this is a true tabulation of bids received on February 27, 2020 by the Indianola Municipal Utilities

Forrest S. Aldrich

Forrest S. Aldrich, P.E.
 Iowa License No. 12248
 My license renewal date is December 31, 2021



IMU Regular Downstairs

7. A. 1.

Meeting Date: 03/09/2020

Information

Subject

Resolution Awarding Contract to Construction by Cambron, LLC for the Water Department 2020 Vehicle Storage Building Project.

Information

\$300,000 has been budgeted for this project. After review of the bids, Veenstra and Kimm and staff are recommending to award the contract to Construction by Cambron, LLC.
Simple motion is in order.

Fiscal Impact

Attachments

Resolution Awarding Contract

The Chair then announced that the Deputy City Clerk and the Water Superintendent had opened and tabulated the bids for the public improvements described in general as the 2020 Vehicle Storage Building for Indianola Municipal Utilities, Indianola, Iowa, in accordance with the plans and specifications previously adopted.

The following bids were presented by the City Clerk and the Water Superintendent:

Contractor	Total Bid
Construction by Cambron LLC	\$299,950
ASI Commercial Construction Services	\$302,000
Absolute Group	\$325,995
Burkett Construction, LLC	\$338,000

Board Member _____ moved to approve the following resolution entitled "RESOLUTION MAKING AWARD OF CONSTRUCTION CONTRACT" for the 2020 Vehicle Storage Building Project. Board Member _____ seconded the motion to approve the resolution. On roll call the was AYES: NAYS: Whereupon the Chairperson declared the following resolution duly adopted:

RESOLUTION NO. 2020-_____

RESOLUTION MAKING AWARD OF CONSTRUCTION CONTRACT

BE IT RESOLVED BY THE BOARD OF TRUSTEES OF THE INDIANOLA MUNICIPAL UTILITIES:

Section 1. The bid of Construction by Cambron, LLC of Indianola, Iowa in the amount of \$299,950.00 for the 2020 Vehicle Storage Building Project for Indianola Municipal Utilities, Indianola, Iowa, described in the plans and specifications previously adopted by this Board on the 9th day of December 2019, is accepted, it being the lowest responsible bid for the work and materials.

Section 2. The IMU General Manager and the City Clerk are directed to execute a contract with the contractor for the construction of the public improvement. The contract not to be binding on the Board of Trustees until approved by the Board.

PASSED AND APPROVED this 9th day of March, 2020.

Mike Rozga, Chair

ATTEST:

Jackie Raffety, Deputy City Clerk

Meeting Date: 03/09/2020

Information

Subject

Resolution Approving Contract and Bond for the Water Department 2020 Vehicle Storage Building Project.

Information

Simple motion is in order.

Fiscal Impact

Attachments

Resolution Approving Contract

RESOLUTION NO 2020- _____

RESOLUTION APPROVING CONSTRUCTION CONTRACT AND BOND

BE IT RESOLVED BY THE BOARD OF TURSTEES OF INDIANOLA MUNICIPAL UTILITIES.

The construction contract and bond executed by Veenstra & Kimm dated the 27th day of February, 2020, for the 2020 vehicle storage building for Indianola Municipal Utilities, Iowa, described in the Plans and Specifications previously adopted by the Board of Trustees, and which have been signed by the IMU General Manager and City Clerk on behalf of the Board of Trustees be approved.

PASSED AND APPROVED ON THIS 9TH DAY OF MARCH, 2020.

Mike Rozga, Chairperson

ATTEST:

Jackie Raffety, Deputy City Clerk

Meeting Date: 03/09/2020

Information

Subject

Resolution Approving the Purchase of a Truck for the Communications Department.

Information

Bids are for a 3/4 ton extended cab 4WD truck. Board will need to review bids and approve purchase. Simple motion is in order.

Fiscal Impact

Attachments

Truck Specifications

Stew Hansen Bid

Charles Gabus Ford Bid

Shottenkirk Bid

Pat McGrath Chrysler Jeep Dodge Ram Bid

Dewey Ford

Resolution Approving Purchase

INDIANOLA MUNICIPAL UTILITIES



Electric • Network Services • Water

Indianola Municipal Utilities is soliciting bids for a 2019-2020 full size, 4-wheel drive Pickup. (Examples – Chevy Silverado 2500, Ford F250, RAM 2500 or equivalent) with the following specifications:

Indianola Municipal Utilities qualifies for State Bids

Qualified bids will be in the class of these specifications:

- Extended Cab
- 8 foot bed
- Tow package
- Towing capacity greater than 10,000 lbs
- Payload capacity greater than 3,000 lbs
- Air conditioning w/all required options
- Tilt steering column, automatic speed control
- Wipers, intermittent
- Automatic transmission
- 4-wheel drive
- Power point
- Radio, am/fm w/internal clock. Delete satellite radio if possible
- Power 4-wheel anti-lock brakes
- Full interior insulation/trim package, to include door/side wall panels, full headliner, dome lamp
- Backup camera
- Tires: all-terrain (not all-season) radials. Full size matching spare
- Daytime running lights
- Power windows
- Power door locks with remote keyless entry
- Delete vehicle communication system (OnStar or equivalent) if standard
- Vinyl seats
- Front airbags – driver and passenger
- Gauge package minimum requirements: oil pressure, coolant temperature, voltmeter
- Rubber/vinyl flooring

- White exterior

**I can be reached at 515-962-5283 – Leave a message if no answer
Or by email at kripperger@imufiber.com**

Bids will be evaluated on new vehicle price, above specifications and availability

Bids must be received by 2:00 pm March 3, 2020.

Send bid to:

Indianola Municipal Utilities
Kurt Ripperger, Communications Superintendent
PO Box 356
Indianola, IA 50125

Or

kripperger@imufiber.com



Prepared For:

Prepared By:

Administrator
Stew Hansen Dodge City
12103 Hickman Rd
Urbandale, Iowa, 50323
Phone: 5152514234
Fax: 5152515354

PRICE SHEET

2020 RAM 2500

4x4 Crew Cab 169" WB Tradesman (DJ7L92)

	MSRP
Vehicle Price (excluding option discounts)	\$41,285.00
Vehicle Subtotal	\$41,285.00
Option Credits	0.00
Other (Discount)Margin	(14,421.00)
Incentives	0.00
Total Other Items	(14,421.00)
Net Selling Price	\$26,864.00
Destination	1,695.00
Total Quote	\$28,559.00
TOTAL	\$28,559.00

Customer Signature

Date

The information contained in this package is provided to assist in assessing our vehicles and is for your information only. Prices and content information shown are subject to change and should be treated as estimates only. Information on the comparison vehicle is derived from available public sources and may not be completely current or accurate. No representations, warranties or guarantees are given in the information. Neither Chrysler nor the dealer will be liable for any reliance on the contents hereof. Please see salesperson for the most current information and other details. Actual pricing may vary. Reference DX05102932 12/19/2019

VIRTC1DP



CNGP530

VEHICLE ORDER CONFIRMATION

02/25/20 16:46:38

==>

Dealer: F53032

2020 F-SERIES SD

Page: 1 of 2

Order No: 0001 Priority: D4 Ord.FIN: QH730 Order Type: 5B Price Level: 035
Ord PEP: 600A Cust/Flt Name: IND MUN UTILI PO Number:

RETAIL

RETAIL

X2B	F250 4X4 S/C	\$39040	TRAILER TOW PKG	
	164" WHEELBASE		FLEET SPCL ADJ	NC
Z1	OXFORD WHITE		10000# GVWR PKG	
A	VNYL 40/20/40		425 50 STATE EMISS	NC
S	MEDIUM EARTH GR		512 SPARE TIRE/WHL2	NC
500A	PREF EQUIP PKG		525 CRUISE CONTROL	235
	.XL TRIM		TELE TT MIR-PWR	
572	.AIR CONDITIONER	NC	JACK	
	.AMFM/MP3/CLK			
996	.6.2L EFI V8 ENG	NC	TOTAL BASE AND OPTIONS	41995
445	6-SPD AUTOMATIC	NC	TOTAL	41995
TBM	LT245 BSW AT 17	165	*THIS IS NOT AN INVOICE*	
X37	3.73 REG AXLE	NC		
90L	PWR EQUIP GROUP	915	* MORE ORDER INFO NEXT PAGE *	
	JOB #1 BUILD		F8=Next	

F1=Help

F2=Return to Order

F3/F12=Veh Ord Menu

F4=Submit F5=Add to Library

5006 - MORE DATA IS AVAILABLE.

QC03334

V1DP0299

2,6

KURT, YOUR INVESTMENT WOULD BE

\$ 28,298.⁵⁶Charles
Gabus
Ford

kripperger@imufiber.com

From: Yodi Ollom <yollom@shottenkirkiowa.com>
Sent: Thursday, February 27, 2020 8:29 AM
To: KRIPPERGER@IMUFIBER.COM
Subject: F-250 Bid

Bid For 2020 Ford F-250 Super Cab 4X4 Long Box XL

MSRP \$41,995

BID PRICE \$29,358

I was also wondering if you would want running boards on this truck or if you are working that out another route?

Thanks,

Yodi Ollom

General Manager

515-961-8151

yollom@shottenkirkia.com



PAT MCGRATH CHRYSLER JEEP DODGE RAM FI
4610 CENTER POINT RD N E
CEDAR RAPIDS, IA 524022412

Configuration Preview

Date Printed: 2020-02-21 3:42 PM
Estimated Ship Date:

VIN:
VON:

Quantity: 1
Status: BA - Pending order
FAN 1: 48935 State of Iowa
FAN 2:
Client Code:
Bid Number: TB0061
PO Number:

Sold to:
PAT MCGRATH CHRYSLER JEEP DODGE RAM
FIAT (23566)
4610 CENTER POINT RD N E
CEDAR RAPIDS, IA 524022412

Ship to:
PAT MCGRATH CHRYSLER JEEP DODGE RAM FIAT (23566)
4610 CENTER POINT RD N E
CEDAR RAPIDS, IA 524022412

Vehicle: 2020 2500 TRADESMAN CREW CAB 4X4 (169 in WB 8FT 0 IN box) (DJ7L92)

	Sales Code	Description	MSRP(USD)
Model:	DJ7L92	2500 TRADESMAN CREW CAB 4X4 (169 in WB 8FT 0 IN box)	40,400
Package:	2ZA	Customer Preferred Package 2ZA	0
	ESA	6.4L Heavy Duty V8 HEMI with MDS	0
	DFX	8-Spd Auto 8HP75-LCV Transmission	0
Paint/Seat/Trim:	PW7	Bright White Clear Coat	0
	APA	Monotone Paint	0
	*TX	HD Vinyl 40/20/40 Split Bench Seat	0
	-X8	Black/Diesel Gray	0
Options:	4DH	Prepaid Holdback	0
	4ES	Delivery Allowance Credit	0
	MAF	Fleet Purchase Incentive	0
	WBN	18X8.0 Steel Wheels	295
	TCP	LT275/70R18E OWI On/Off Road Tires	295
	5N6	Easy Order	0
	4FM	Fleet Option Editor	0
	4FT	Fleet Sales Order	0
	151	Zone 51-Chicago	0
	4EA	Sold Vehicle	0
Non Equipment:	4FA	Special Bid-Ineligible For Incentive	0
Bid Number:	TB0061	Government Incentives	0
Discounts:	YG2	5.2 Additional Gallons of Gas	0
Destination Fees:			1,695

Total Price: 42,685.

Order Type: Fleet
Scheduling Priority: 1-Sold Order
Salesperson:
Customer Name:
Customer Address: USA

PSP Month/Week:
Build Priority: 99

\$ 30,258.⁰⁰

*Billy Howie
Fleet Sales*

Note: This is not an invoice. The prices and equipment shown on this priced order confirmation are tentative and subject to change or correction without prior notice. No claims against the content listed or prices quoted will be accepted. Refer to the vehicle invoice for final vehicle content and pricing. Orders are accepted only when the vehicle is shipped by the factory.



Prepared by: Harry Bougher
02/21/2020

Dewey Ford | 3055 SE Delaware Ankeny Iowa | 500219830

2020 F-250 4x4 SD Super Cab 8' box 164" WB SRW XL (X2B)

Price Level: 35

Pricing Summary - Single Vehicle

MSRP

Vehicle Pricing

Base Vehicle Price	\$39,040.00
Options & Colors	\$1,630.00
Upfitting	\$0.00
Destination Charge	\$1,595.00

Discount Adjustments

Discount	-\$13,773.00
----------	--------------

Total	\$28,492.00
-------	-------------

Customer Signature

Acceptance Date

INDIANOLA MUNICIPAL UTILITIES
RESOLUTION NO. 2020 - _____

RESOLUTION APPROVING PURCHASE OF
2020 _____

WHEREAS, the 2020 _____ is an integral part of the Indianola Municipal Fiber Department equipment inventory; and

WHEREAS, staff will work with _____ on the purchase of a 2020 _____ truck as described in the bid document; and

WHEREAS, quotes for similar vehicles indicate that the offered price for the 2020 _____ is favorable for Indianola Municipal Utilities.

BE IT THEREFORE RESOLVED, that the Board of Trustees of Indianola Municipal Utilities

1. Approve the purchase of _____ as described in the bid document and purchase agreement is approved, and
2. Authorizes IMU staff to execute documents to finalize purchase of the _____.

Passed and adopted the 9th day of March 2020.

Mike Rozga, Chairperson

ATTEST:

Jackie Raffety, Deputy City Clerk

Information

Subject

Resolution Approving Investment Policy.

Information

Simple motion is in order.

Fiscal Impact

Attachments

Investment Policy

Scope of Investment Policy

The Investment Policy of Indianola Municipal Utilities shall be governed by Iowa Code Chapters 12B and 12C and shall apply to all operating funds, bond proceeds and other funds and all investment transactions involving operating funds, bond proceeds and other funds accounted for in the financial statements of Indianola Municipal Utilities.

The investment of bond funds or sinking funds shall also comply with the provisions of any bond resolutions.

This written investment policy, required by Iowa Code Section 12B.10B, shall be delivered to all the following:

1. The governing body or officer of the public entity to which this policy applies.
2. All depository institutions or fiduciaries for public funds of the public entity.
3. The auditor of the public entity.
4. Every fiduciary or third party assisting with or facilitating investments for the public entity.

Delegation of Authority

In accordance with Section 12B.10, the responsibility for conducting investment transactions resides with the Treasurer of the City of Indianola. For purposes of this Investment Policy the Finance Director is designated the Treasurer. Only the Treasurer and those authorized by resolution may invest public funds. A copy of any empowering resolution shall be attached to this Investment Policy.

All contracts or agreements with outside persons investing public funds, advising on the investment of public funds, directing the deposit or investment of public funds or acting in a fiduciary capacity for Indianola Municipal Utilities shall require the outside person to notify in writing the Treasurer of the City of Indianola within thirty days of receipt of all communication from the Auditor of the outside person or any regulatory authority of the existence of a material weakness in the internal control structure of the outside person or regulatory orders or sanctions regarding the type of services being provided to Indianola Municipal Utilities by the outside person.

The records of investment transactions made by or on behalf of Indianola Municipal Utilities are public records and are the property of the Indianola Municipal Utilities whether in the custody of Indianola Municipal Utilities or in the custody of a fiduciary or other third party.

The Treasurer shall establish a written system of internal controls and investment practices. The controls shall be designed to prevent the loss of public funds, to document those officers and employees of Indianola Municipal Utilities responsible for elements of the investment process and to address the capability of investment management. The controls shall provide for

receipt and review of the audited financial statement and related report on internal control structure of all outside persons performing any of the following for this public body.

Investment of public funds.

Advising on the investment of public funds.

Directing the deposit or investment of public funds.

Acting in a fiduciary capacity for this public body.

The Treasurer of the City of Indianola shall be bonded in the amount of \$300,000. The amount of this bond shall be reviewed annually to determine its appropriateness and will be amended by the City Council if deemed necessary.

Objectives of Investment Policy

The primary objectives, in order of priority, of all investment activities involving the financial assets of Indianola Municipal Utilities shall be the following:

Safety: Safety and preservation of principal in the overall portfolio.

Liquidity: Maintaining the necessary liquidity to match expected liabilities.

Return: Obtaining a reasonable return in compliance with Iowa Code Section 12C.6.

Prudence

The Treasurer of the City of Indianola, when investing or depositing public funds, shall exercise the care, skill, prudence and diligence under the circumstances then prevailing that a person acting in a like capacity and familiar with such matters would use to attain the Section 8 investment objectives. This standard requires that when making investment decisions, the Treasurer shall consider the role that the investment or deposit plays within the portfolio of the assets of Indianola Municipal Utilities and the investment objectives stated in the Investment Policy.

When investing assets of Indianola Municipal Utilities for a period longer than six months or in an amount greater than \$300,000 per investment, the Treasurer shall request competitive investment proposals for comparable credit and terms investment from a minimum of three investment providers.

Instruments Eligible for Investment

Assets of Indianola Municipal Utilities shall be invested in financial institutions properly declared by Resolution of the Board of Trustees of Indianola Municipal Utilities. Deposits in any financial institution shall not exceed the amount stated in the Resolution. Assets of the Indianola Municipal Utilities may be invested in the following:

Demand Deposit Accounts (DDA)

Negotiable Orders of Withdrawal (NOW) Accounts
Certificates of Deposit.
Obligations of the United States Government, its agencies and instrumentalities.

Prohibited Investments and Investment Practices

Assets of Indianola Municipal Utilities shall not be invested in the following:

- Reverse repurchase agreements.
- Futures and options contracts.

Assets of Indianola Municipal Utilities shall not be invested pursuant to the following investment practices:

- Trading of securities for speculation or the realization of short-term trading gains.
- Pursuant to a contract providing for the compensation of an agent or fiduciary based upon the performance of the invested assets.

If a fiduciary or other third party with custody of public investment transaction records of Indianola Municipal Utilities fails to produce requested records when requested by this public body within a reasonable time Indianola Municipal Utilities shall make no new investment with or through the fiduciary or third party and shall not renew maturing investments with or through the fiduciary or third party.

Investment Limitations

Operating Funds: Operating funds means those funds which are reasonably expected to be expended during a current budget year or within fifteen months of receipt. Operating funds must be identified and distinguished from all other funds available for investment. Operating funds may only be invested in investments which mature within three hundred ninety-seven (397) days or less.

Other than Operating Funds: The Treasurer may invest funds of Indianola Municipal Utilities that are not identified as Operating Funds in investments with a maturity longer than three hundred ninety-seven (397) days. However, all investments of Project Funds and other non-operating funds shall have a maturity that is consistent with the needs and use as specified for these funds, and no maturity shall be longer than three (3) years for any funds unless specifically authorized by the Board of Trustees.

Safekeeping and Custody

All invested assets of Indianola Municipal Utilities involving the use of a public funds custodial agreement, as defined in Iowa Code Section 12B.10C, shall comply with all rules adopted and in accordance with the laws of the State of Iowa.

Ethics and Conflict of Interest

The Treasurer and all officers, employees and committees of Indianola Municipal Utilities involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program or which could impair their ability to make impartial investment decisions.

Reporting

The Treasurer shall submit monthly with the Bank Reconciliation a list of investments making up the current investment portfolio.

Investment Policy Review and Amendment

This Investment Policy shall be reviewed annually or more frequently as appropriate. Notice of amendments to the Investment Policy shall be promptly given to all parties noted in Section 1.

Approved this 9th day of March 2020.

Mike Rozga, Chairperson

ATTEST:

Jackie Raffety, Deputy City Clerk

Meeting Date: 03/09/2020

Information

Subject

Resolution Amending Current Policies Concerning Utility Billing.

Information

The Utility Services Billing department will start using eLation software to bill all utility services beginning May 2020. The Resolution Concerning Utility Billing that was passed August 14, 2017, has been updated to reflect administrative fees and order of payment now that Communications will be billed with the other utilities. It also addresses the order of payment during the winter moratorium months. Roll call is in order.

Fiscal Impact

Attachments

Resolution for Utility Billing

RESOLUTION NO. _____

A RESOLUTION AMENDING CURRENT POLICIES CONCERNING UTILITY BILLING

WHEREAS, the Indianola Municipal Utilities performs billing activities for certain public utilities;

WHEREAS, the Board of Indianola Municipal Utilities, now deems it necessary and proper to amend its current policies concerning utility billing.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF THE INDIANOLA MUNICIPAL UTILITIES:

Section 1:

BILLING FOR PUBLIC UTILITIES All utility services shall be billed as part of a combined service account, payable in accordance with the following:

1. Bills Issued. The billing agency shall prepare and issue bills for combined service accounts each month.
2. Bills Payable. Bills for combined service accounts shall be due when billed and payable at the office of the billing agency.
3. Administrative Fees. Bills not paid within 20 days of the billing date shall be considered delinquent. An administrative fee of five percent (5%) of the amount due shall be added to a water delinquent bill. Delinquent electric and communications amounts shall be assessed administrative fees of one and one half percent (1.5%) of the amount due.
4. Order of Payment. Payment received shall be applied in the following order: Electric, Water, Sewer, Stormwater, Recycling, Communications. Order of Payment during the Winter Moratorium Months shall be applied in the following order: Water, Sewer, Stormwater, Recycling, Communications, Electric.

Section 2:

UTILITY BILLINGS.

All utility user charges shall be due and payable under the same terms and conditions provided for payment of a combined service account as contained in this Resolution. Utility service may be discontinued in accordance with the provisions contained in Sections 99.09, 104.06 and 106.09 of the Indianola Municipal Code if the combined service account becomes delinquent, and the provisions contained in Section 99.09, 104.06 and 106.09 relating to lien notices shall also apply in the event of a delinquent account.

Section 3:

All Resolutions or parts of Resolutions in conflict with the provisions of this Resolution are hereby repealed.

Section 4:

This Resolution shall be in full force and effect after its passage, approval and publication as provided by law.

PASSED AND APPROVED this 9 day of March 2020.

Mike Rozga, Chairperson

ATTEST:

Jackie Raffety, Deputy City Clerk

Publication Date: _____

IMU Regular Downstairs
Meeting Date: 03/09/2020

12. A.

Information

Subject
Audit for Fiscal Year ending June 30, 2019

Information

Fiscal Impact

Attachments

No file(s) attached.

Meeting Date: 03/09/2020

Information

Subject

Presentation of Audit for Fiscal Year ending June 30, 2019.

Information

Arlen Schrum from Shull and Company will present the Audit for Fiscal Year ending June 30, 2019.

Fiscal Impact

Attachments

Audit

**CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES**

**Financial Statements
(With Independent Auditor's Report Thereon)**

**Independent Auditor's Report on Compliance and on
Internal Control over Financial Reporting**

Schedule of Findings

June 30, 2019 and 2018



**Shull, Schrum, McClafin
& Co., Inc.**
certified public accountants

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

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CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Officials

June 30, 2019

Indianola Municipal Utilities Board of Trustees
Authority: Indianola Code of Ordinances Section 25.02

		<u>Term Expires</u>	<u>Amount of Bond</u>
Deb White		1/2/2020	300,000
Jim McClymond		1/2/2021	300,000
Lesley Forbush		1/2/2022	300,000
Adam Voigts		1/2/2023	300,000
Mike Rozga	Chairperson	1/2/2024	300,000

Indianola Municipal Utilities Management

Tom Gaffigan	General Manager	300,000
Chris Longer	Finance/HR Director	300,000
Mike Metcalf	Electric Superintendent	300,000
Lou Elbert	Water Superintendent	300,000
Kurt Ripperger	Telecommunications Director	300,000
Dianna Lane	Utility Services Supervisor	300,000
Diana Bowlin	City Clerk	300,000
Douglas Shull	IMU Treasurer	300,000

All other city employees are bonded under the Allied Insurance, "Faithful Performance Blanket Position Bond," in the amount of \$50,000.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Board of Trustees Report

Transmittal Letter

November 26, 2018

To the IMU Board of Trustees and Customers of Indianola Municipal Utilities,

This report consists of the board and management's representations concerning the finances of Indianola Municipal Utilities. Consequently, the board and management assume full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, the board and management have established a comprehensive internal control framework that is designed both to protect the utility's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of these financial statements. Because the cost of internal controls should not outweigh their benefits, the utility's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. The board and management assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Indianola Municipal Utilities' financial statements have been audited by Shull, Schrum, McClafflin & Co., Inc., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements for the fiscal year ended June 30, 2019 are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Indianola Municipal Utilities' financial statements for the fiscal year ended June 30, 2019 are fairly presented. The independent auditor's report is presented as the first component of the financial section of this report.

Generally accepted accounting principles require that management provide a narrative introduction, overview, and analysis to accompany the basic financial statement in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it.

Profile of the Utility Board of Trustees

The City of Indianola, incorporated in 1864 and the county seat of Warren County, is in the central part of the state approximately 17 miles south of the state capital, Des Moines. Indianola is considered part of the Des Moines MSA, one of the top growth areas in the state. The City of Indianola encompasses an area of approximately nine square miles and a population of 15,108. Indianola Municipal Utilities provides electric, water, and telecommunications services as a discretely reported component unit under the management and control of a board of trustees. The board operates these three utilities as Indianola Municipal Utilities (IMU). This system of

CITY OF INDIANOLA, IOWA INDIANOLA MUNICIPAL UTILITIES

Board of Trustees Report - Continued

management and control was established by a vote of the electorate and implemented by city ordinance in 1973 as provided in Iowa Code.

Electric and water utility territories are fixed in that any new territory expansions must be negotiated and purchased from incumbent service providers. The telecommunications utility has no fixed territory but currently exists within the Indianola city limits and IMU now the sole telecom service provider.

Utility board. Utility boards are vested with the authorities of the city in relation to these utilities, with the exceptions that the board may not certify taxes to be levied, pass ordinances or amendments, or issue general obligation or special assessment bonds. Real property is held in the name of the city, but the utility board has all the powers and authorities of the city with respect to the acquisition by purchase, condemnation, or otherwise, lease, sale, or other disposition of such property, and the management, control, and operation of the same, subject to provisions of any outstanding obligations which are payable from the revenues of the municipal utility. Separate funds are maintained for each utility. Utility fund balances deemed by the board of trustees to be more than the needs of a utility may be transferred to any other fund. The five trustees are appointed by the mayor and approved by the city council, each serving staggered six-year terms.

Management. The board of trustees appoints a general manager to oversee the day-to-day management of the electric, water, and telecommunications utilities. The general manager appoints the employees of each of these utilities, carries out the policies of the board of trustees, and performs other duties as determined by resolution of the board.

Other officials. A director of finance serves as the chief accounting officer for IMU and submits budget and year-end financial reports required of the utility. There is also an appointed clerk, which serves as the secretary of the board of trustees and as such has custodial duties prescribed in Iowa Code, local ordinances, board resolutions, and by management discretion. An appointed treasurer serves as custodian for all funds.

Budgeting process. The annual budget serves as the foundation for the utilities' financial planning and control. The budget process, in general, is as follows:

- The general manager submits a 5-year capital improvement project budget to the board of trustees for review and adoption.
- Departments submit operating budget requests to the general manager.
- The director of finance compiles the annual budgets for review.
- The board of trustees adopts budgets for the electric, water, and telecommunications utilities. These are compiled with the City of Indianola's governmental services' budgets and that of the sewer utility for presentation to the public in publication form.
- The city council sets and conducts a public hearing on the budget.
- The city council adopts the overall budget and the budget is filed with the county auditor and the State of Iowa no later than March 15 of each year.

The State of Iowa limits expenditures to the total amount budgeted by function. Expenditures for individual departments or services may exceed those budgeted if total expenditures by function are

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Board of Trustees Report - Continued

not exceeded. Budget amendments are permitted under provisions like the adoption of the original budget. Budget-to-actual comparisons are provided in this report on a cash accounting basis, which is consistent with the city's financial basis of accounting.

Cash management policies and practices. The board of trustees annually reviews and adopts an investment policy outlining the roles and responsibilities in making investments using available cash balances. The clerk and treasurer are jointly responsible for the investment of funds under that policy, with oversight by the board of trustees.

Cash temporarily idle during the year was invested in bank deposits or money market funds, repurchase agreements, and the Iowa Public Agency Investment Trust. These temporary cash deposits were maintained in stable value investments with a June 30, 2019 rate of return of 2.12%.

The utility invests reserve funds (those not intended to be expended within 365 days) in a portfolio with the assistance of an investment advisement firm. The investment portfolio includes mortgage-backed securities, obligations of the U.S. Treasury or its agencies, and cash held in a public entity money market fund. At fiscal year end, the effective duration of the portfolio was 2.0 years with a current yield of 2.07%. Reported returns may include changes in fair value during the year but do not necessarily represent continuing returns; nor is it always possible to realize changes in fair value, especially in the case of temporary changes for securities the city intends to hold until maturity.

Additional information on the utility's cash management can be found in notes to the financial statements.

Risk management. Indianola Municipal Utilities participates in the Iowa Communities Assurance Pool (ICAP), a local government risk-sharing pool with over 500 members throughout the state of Iowa. The utility makes annual contributions to ICAP recorded as disbursements from its operating funds for automobile, property, casualty, and liability coverage. The utility maintains reserve funds to meet deductibles as they occur. The utility also participates as a member of the Iowa Municipal Workers' Compensation Association (IMWCA) and pays premiums to the association on an annual basis from its operating funds. The utility purchases boiler and machinery insurance from a private carrier. In addition, the utility has an ongoing safety program to monitor its facilities and employees to maintain a safe environment for employees and the public. Additional information on Indianola Municipal Utilities' risk management activity can be found in notes to the financial statements.

Pension and other post-employment benefits. Indianola Municipal Utilities provides pension benefits for its employees. These benefits are provided through a statewide plan managed by the Iowa Public Employees Retirement System. Indianola Municipal Utilities has no obligation in connection with employee benefits offered through this plan beyond its periodic payments based on earned compensation by active employees.

IMU also provides post-retirement access to its medical insurance plan until age 65 as required under Iowa Code. Retirees contribute an amount equal to the premium amount charged to city departments and active employees on a pay-as-you-go basis.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Board of Trustees Report - Continued

IMU provides all full-time employees a high deductible health insurance plan through BlueCross BlueShield with Health Savings Account (HSA). In FY18, the utility made a fixed annual commitment as well as a matching contribution, dollar for dollar, up to a certain amount that employees could use to offset premium contributions or cash payments for any medical expense allowed under IRS Code.

Additional information on the utility's pension arrangements and other post-employment benefits can be found in notes to the financial statements.

Closing

State law and city ordinance require municipal utility boards to provide the city council an annual report with complete financial statements. State law also requires the city to publish within nine months of the close of each fiscal year a complete set of financial statements, including that of municipal utilities as a component unit. State law requires that financial statements must be audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to these requirements, we hereby issue this report for Indianola Municipal Utilities for the fiscal year ending June 30, 2019.

Tom Gaffigan
General Manager

Chris Longer
Finance/HR Director

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Operational Review

Utility operations are divided into departments, all of which work toward the common goal of providing superior services to the citizens of Indianola. The following summary provides a brief review of the various departmental activities and accomplishments in FY 2019.

- **Electric Utility.** The Electric Utility provides electricity to the homes and businesses located in the City of Indianola through purchases of electricity from the Joint Action Agency; MEAN [Municipal Electric Agency of Nebraska]. Additionally, IMU has in place local generation to provide electric service during emergencies, or when called upon by MEAN. Items of significant interest that occurred during 2019 include:
 - Completion of the Electric Line Shop at 1300 E Iowa Avenue
 - Completion of multiple underground electric service installs to new areas of development
 - Major transmission and distribution maintenance and repair projects
 - Annual Iowa Utilities Board Review maintenance projects
 - Replacement of High-Pressure Sodium [HPS] Street Lights with Light Emitting Diode [LED] Lights along the Highway 65/69 Corridor
- **Water Utility.** The Water Utility provides reliable water service to Indianola's residential, commercial and industrial customers by pumping water from a series of wells, treating it at our Water Treatment Plant, keeping a sufficient supply in storage to meet daily needs, and distributing the water to its customers. Items of significant interest that occurred during 2019 include:
 - West Boston and North I water main replacement project
 - West Clinton water main replacement project
 - Continuation of SCADA upgrade project
 - Major Plant and Water Tower Maintenance
 - Major Well Maintenance
 - Gatevalve and Hydrant Replacement
- **Communications Utility.** The Communications Utility provides reliable Internet, video and telephone services to Indianola's residential, commercial and industrial customers via wholesale agreement with other Iowa municipal utilities and consortiums. Items of significant interest during FY2019 include:
 - Completion of the Fiber to the Home distribution system
 - Connected first residential customer in November 2018
 - Connected first business customer in February 2019
 - Ended year with 954 active customers
 - Began conversion of 600 MCG residential and business customers to IMU Fiber

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Operational Review - Continued

- **Administration.** All three utilities are administered by the IMU Board of Trustees and Staff. Items of significant interest during FY2019 include.
 - New Customer Service Center located at 210 W 2nd Avenue opens for business
 - Deployment of new billing software for communications services



Shull, Schrum, McClaflin & Co., Inc.

certified public accountants

INDEPENDENT AUDITOR'S REPORT

Board of Trustees
Indianola Municipal Utilities
Indianola, Iowa

Report on the Financial Statements

We have audited the accompanying statement of net position of the Indianola Municipal Utilities, a component unit of the City of Indianola, Iowa, as of June 30, 2019 and 2018 and the related statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related Notes to the Financial Statements, which collectively comprise the Utilities' financial statements listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America. This includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to error or fraud.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audits. We conducted our audits in accordance with generally accepted auditing standards of the United States of America and the standards applicable to financial audits contained in, Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Utilities' preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Utilities' internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Indianola Municipal Utilities as of June 30, 2019 and 2018, and the changes in its financial position and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Other Matters

Supplementary and Other Information

The schedule of operations is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audits of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with generally accepted auditing standards of the United States of America. In our opinion, the schedule of operations is fairly stated in all material respects in relation to the financial statements taken as a whole.

The other information, the Management Discussion and Analysis, the budgetary comparison information, the Schedule of the Utilities' Proportionate Share of the Net Pension Liability, the Schedule of Utilities Contributions and the Schedule of Changes in the Utilities' Proportionate Share of the OPEB Liability, Related Ratios and Notes on pages 3 through 8, 11 through 17 and 48 through 55 has not been subjected to the auditing procedures applied in the audits of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards we have also issued our report dated February 25, 2020 on our consideration of the Indianola Municipal Utilities' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Indianola Municipal Utilities' internal control over financial reporting and compliance.

Shull, Schrum, McClellan & Co., Inc.

February 25, 2020

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Management Discussion and Analysis (MD&A)

Indianola Municipal Utilities offers readers of its financial statements this narrative overview and analysis of the financial activities for the fiscal year ended June 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in this report.

2019 Financial Highlights

- Indianola Municipal Utilities has ending cash and investment balances totaling \$13,435,092 to meet the utility's ongoing obligations to citizens, creditors, for capital reinvestment in utility operations, and for emergency repairs.
- The utility annually uses prior years' positive cash flow and balances to reinvest in capital assets, as detailed in the "Long term financial planning" section of this MD&A.
- As reported on the Statement of Cash Flows, total cash and investment balances increased by \$81,287.
- Net cash provided by operating activities was \$1,987,446, which decreased by \$2,266,349 compared with the prior year.
- At the end of the current fiscal year, unrestricted and undesignated net position totaled \$6,812,494, which decreased by \$3,803,779 over the prior year.
- The utility's total liabilities increased \$2,258,868 during the current fiscal year. Current liabilities decreased by \$1,047,193, primarily from a decrease in accounts payable.

Using this Annual Report

The annual report consists of a series of financial statements as well as other requirements as follows:

Management Discussion and Analysis introduces the basic financial statements and provides an analytical overview of the government's financial activities.

The Financial Statements consist of a Statement of Net Position, a Statement of Revenues, Expenses and Changes in Net Position, and a Statement of Cash Flows. These statements provide information about the activities of the utility as a whole and present an overall view of the utility's finances.

Notes to the Financial Statements provide additional information that is essential to a full understanding of the data provided in the basic financial statements.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Management Discussion and Analysis (MD&A) - Continued

Basis of accounting. Indianola Municipal Utilities maintains its financial records on the cash basis. The financial statements presented in this report are prepared on the accrual basis after giving effect to all material adjustments to convert from cash basis to the accrual basis. The financial statements present the financial position and changes in financial position of the funds in accordance with U.S. generally accepted accounting principles.

Reporting the Utility's Financial Activities

One of the most important questions asked about the utility's finances is, "Is Indianola Municipal Utilities as a whole better off or worse off as a result of the year's activities?" The Financial Statements reports information which helps answer this question.

Fund Accounting. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Separate funds are maintained for each utility. These funds are classified as business type, or proprietary, funds for reporting purposes.

Financial Statements. The Statement of Net Position presents information on each utility's assets, deferred outflows of resources, liabilities, deferred inflows of resources, and equity. Over time, increases or decreases in unrestricted and undesignated net position may serve as a useful indicator of whether the financial position of the utility is improving or deteriorating.

The Statement of Revenues, Expenses, and Changes in Net Position details the financial operating results of the utility during the most recent fiscal year, with a comparison to the prior year.

The Statement of Cash Flows provides the net increase or decrease in cash and investments as a result of operating, capital and related financing, and investment activities.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Management Discussion and Analysis (MD&A) - Continued

Analysis of Financial Activities

This section of the MD&A summarizes the financial data contained in the utility's financial statements. It also provides an analysis of the major activities affecting changes from the previous fiscal year.

Statement of Net Position	Year ended June 30,		
	2019	2018	2017
Assets			
Current	\$ 17,343,976	17,561,123	13,686,582
Restricted	1,550,622	1,301,594	328,559
Capital	51,960,999	49,052,615	42,203,265
Total Assets	<u>70,855,597</u>	<u>67,915,332</u>	<u>56,218,406</u>
Deferred outflows of resources	<u>594,372</u>	<u>933,538</u>	<u>805,507</u>
Liabilities			
Current	3,008,487	4,055,680	2,772,637
Long Term	19,014,690	15,708,629	6,659,584
Total Liabilities	<u>22,023,177</u>	<u>19,764,309</u>	<u>9,432,221</u>
Deferred inflows of resources	<u>(2,305)</u>	<u>110,924</u>	<u>41,317</u>
Net Position			
Net Investment in Capital Assets	40,649,682	36,629,937	35,833,317
Restricted	1,465,629	1,228,732	304,998
Designated	501,292	498,695	496,776
Unrestricted & Undesignated	6,812,494	10,616,273	10,915,284
Total Net Position	<u>\$ 49,429,097</u>	<u>48,973,637</u>	<u>47,550,375</u>

As shown above, total utility net position remained relatively stable, increasing .93% or \$455,460. Invested Capital Assets increased by \$4,019,745. The utility also issued \$4,316,781 of indebtedness in FY 2019.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Management Discussion and Analysis (MD&A) - Continued

Analysis of Financial Activities - Continued

	Year ended June 30,		
	2019	2018	2017
Operating revenues			
Sales of electricity	\$ 14,907,744	14,919,635	13,505,426
Electrical capacity contract fees	636,073	542,596	874,849
Electrical transmission revenue	570,604	335,476	623,812
Sales of water	2,327,049	2,387,754	2,287,252
Sales of fiber communications	341,654	-	-
Fiber communications rental fees	431,562	417,451	378,003
Other	209,126	180,151	176,330
Total operating revenue	<u>19,423,812</u>	<u>18,783,063</u>	<u>17,845,672</u>
Operating expenses			
Electric utility	12,895,166	12,922,995	12,561,154
Water utility	1,817,340	1,565,750	1,528,244
Fiber communications utility	1,658,492	252,296	27,450
Joint utility	1,823,762	1,827,895	1,709,856
Transfer to city in lieu of property taxes	902,400	744,000	734,312
Total operating expenses	<u>19,097,160</u>	<u>17,312,936</u>	<u>16,561,016</u>
Income from operations	<u>326,652</u>	<u>1,470,127</u>	<u>1,284,656</u>
Nonoperating revenue (expenses)			
Revenue	502,307	540,400	375,739
Expenses	<u>(650,129)</u>	<u>(815,404)</u>	<u>(231,998)</u>
Net Income	<u>\$ 178,830</u>	<u>1,195,123</u>	<u>1,428,397</u>

Income from operations decreased by \$1,143,475. This was mainly due to the Communications Utility beginning telecommunication services.

Budgetary Highlights

The board of trustees annually adopts a budget for all funds. Although the budget document presents functional disbursements by fund, the legal level of control is at the aggregated function level (i.e. proprietary) for the city as a whole, not at the fund or fund type level. Notice is given and a public hearing is held on the budget. The budget may be amended during the year utilizing similar statutorily prescribed procedures. None of the amendments made, if any, negatively affect the following year's budget.

Information pertaining to budgetary to actual receipts, disbursements, and changes in balances is provided in the financial statements on a cash basis.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Management Discussion and Analysis (MD&A) - Continued

Capital Asset and Debt Administration

The utility issued \$4,316,781 of additional debt during the fiscal year.

The utility pledges electric rates to be sufficient to pay its pro-rata share of outstanding debt obligations of the Municipal Energy Agency of Nebraska under its wholesale energy contract.

The utility's bond rating remained A2 (Moody's) and A+ (S&P).

	Outstanding Debt at Year ended June 30,		
	2019	2018	2017
Electric utility			
Revenue bonds	\$ 10,878,000	11,520,000	5,558,000
Water utility			
General Obligation bonds (issued by city)	287,600	434,900	481,500
Communications utility	6,815,671	2,593,890	-
Total	\$ 17,981,271	14,548,790	6,039,500
 Internal loan from Electric utility to Water utility	 \$ 250,917	 511,912	 766,470

Economic Factors and Next Year's Budgets and Rates

Local economy. The City of Indianola currently enjoys a favorable economic environment and local indicators point to continued moderate growth. The projection is for Indianola to grow to a population of approximately 15,500, which represents an increase of 5% from the 2010 census. Although a primarily residential community, the varied nature of the educational, light manufacturing, agriculture services, and retail sectors of the local economy provides relative employment stability. Proximity to the Des Moines metro area, the state capital with a combined population of approximately 460,000, provides employment for approximately 60% of the available workforce.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Management Discussion and Analysis (MD&A) - Continued

Economic Factors and Next Year's Budgets and Rates - Continued

The region (which includes the City of Indianola and the surrounding unincorporated area within Warren County) has a moderate growth employment outlook over the next several years. New commercial construction is occurring along the four-lane highway between the City of Indianola and the Des Moines metropolitan area. A four-lane bypass to the south of the Des Moines metro, completed in 2002, provides increased commercial development opportunities for the community as it improved traffic flow from Indianola to the western Des Moines suburbs and the interstate highway system. The utility makes annual financial contributions to the Warren County Economic Development Corporation, a non-related entity to the city, to support economic development in the region. The utility also offers its own revolving loan program to spur economic development.

Long-term financial planning. The utility annually adopts a 5-year capital improvement budget that prioritizes foreseen projects. Those with potential long-term significant impacts to the cash balances and financial operations of the utility are:

- Completion of the new electric line facility at the East Iowa substation to allow for the expansion of the communications department, East Iowa Switchgear Breakers, undergrounding of the remaining electrical distribution system over the next 8-10 years to improve reliability of the system, and the replacement of a Digger Derrick and Electric Line Truck.
- The department continues its main replacement schedule with a project identified for each year of the 5-year plan. In addition to major tower and well maintenance projects, the Lime Feed System Controls are due to be upgraded.
- Maintenance of the fiber optic network system, equipment and operations facilities. Ongoing licensing and equipment use fees.

Potential regulatory changes over the next 3-5 years with the most fiscal impact is climate control legislation and renewable energy purchasing requirements. Both could increase wholesale energy purchase costs per kwh. However, the cost of energy adjustment could be imposed to recover unanticipated costs without the need for board action.

The utility has hedged these risks by purchasing some of its wholesale supply from alternative energy sources. New alternative supplies that would be required could be at a much higher price. Regulations could also cause higher average prices for conventional energy. The landfill gas project is structured such that higher daily prices benefit the utility.

Budgets and Rates. Indianola Municipal Utilities increased electric rates 7% on December 1, 2017. This rate increase is expected to fund capital projects and to pay for projected wholesale energy costs. An updated electric rate study will be completed in FY19. Water rates remained stable. Rates for telecommunications services were approved by the Board of Trustees on 6-12-18 and 7-9-18.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Management Discussion and Analysis (MD&A) - Continued

Requests for Information

This financial report is designed to provide a general overview of Indianola Municipal Utilities' finances for all those with an interest in the utility's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the General Manager of Utilities or to the City Clerk, who serves as the Secretary of the Board of Trustees. Their offices are located at 111 South Buxton St., PO Box 356, Indianola, IA 50125 with a telephone number of 515-961-9444 (General Manager) and 110 N. First St., PO Box 299, Indianola, IA 50125 with a telephone number of 515-961-9410 (Clerk).

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Statement of Net Position
June 30, 2019 and 2018

ASSETS	2019 ELECTRIC	2018 ELECTRIC	2019 WATER	2018 WATER
Current assets				
Cash and investments	\$ 8,843,946	9,486,793	2,137,397	2,022,824
Accounts receivable - customers	2,856,746	3,173,466	451,800	466,685
Accrued interest receivable	30,783	31,817	6,357	6,409
Inventory - fuel oil	590,518	625,228	-	-
Inventory - supplies	1,011,883	1,040,352	42,547	38,916
Loan receivable from municipal water utility within one year	250,917	260,995	(250,917)	(260,995)
Total current assets	13,584,793	14,618,651	2,387,184	2,273,839
Restricted assets - cash and investments				
Revenue capital loan notes and bonds bond and interest sinking fund	587,989	254,409	-	102,500
Revenue capital loan notes and bonds debt service reserve fund	887,633	869,685	-	-
Revenue capital loan notes and bonds improvement fund	-	-	75,000	75,000
Total restricted assets	1,475,622	1,124,094	75,000	177,500
Other assets				
Loan receivable from municipal water utility after one year	-	250,917	-	(250,917)
Total other assets	-	250,917	-	(250,917)
Capital assets				
Land	359,207	359,207	227,441	227,441
Service territory	446,000	446,000	328,412	328,412
Generating units	15,161,374	15,161,374	-	-
Distribution system	34,439,239	33,335,604	-	-
Transmission system	4,332,202	4,332,202	-	-
Buildings and plant	4,240,476	3,096,016	7,860,911	7,860,911
Wells and towers	-	-	4,880,733	4,880,733
Mains, hydrants and meters	-	-	12,892,430	12,253,604
Computer equipment	617,170	689,582	-	-
Equipment	1,459,243	1,447,517	625,033	598,513
Vehicles	1,319,422	1,280,088	280,998	254,045
	62,374,333	60,147,590	27,095,958	26,403,659
Less accumulated depreciation	27,890,254	26,776,720	13,590,990	12,964,976
Net capital assets	34,484,079	33,370,870	13,504,968	13,438,683
Total assets	49,544,494	49,364,532	15,967,152	15,639,105
DEFERRED OUTFLOWS OF RESOURCES				
Pension related deferred outflows	133,731	269,981	65,841	128,103
OPEB related deferred outflows	-	41,926	-	13,975
Deferred outflows on advanced refunding of debt	321,932	377,120	-	-
Total deferred outflows	455,663	689,027	65,841	142,078

2019 FIBER	2018 FIBER	2019 JOINT UTILITY	2018 JOINT UTILITY	2019 TOTAL	2018 TOTAL
439,014	43,500	464,113	499,094	11,884,470	12,052,211
11,951	-	-	-	3,320,497	3,640,151
1,687	956	-	-	38,827	39,182
-	-	-	-	590,518	625,228
455,234	125,083	-	-	1,509,664	1,204,351
-	-	-	-	-	-
907,886	169,539	464,113	499,094	17,343,976	17,561,123
-	-	-	-	-	-
-	-	-	-	587,989	356,909
-	-	-	-	887,633	869,685
-	-	-	-	75,000	75,000
-	-	-	-	1,550,622	1,301,594
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	586,648	586,648
-	-	-	-	774,412	774,412
-	-	-	-	15,161,374	15,161,374
974,471	396,783	-	-	35,413,710	33,732,387
-	-	-	-	4,332,202	4,332,202
1,123,979	631,135	-	-	13,225,366	11,588,062
-	-	-	-	4,880,733	4,880,733
-	-	-	-	12,892,430	12,253,604
-	-	-	-	617,170	689,582
2,754,118	1,928,699	-	-	4,838,394	3,974,729
103,844	103,844	-	-	1,704,264	1,637,977
4,956,412	3,060,461	-	-	94,426,703	89,611,710
984,460	817,399	-	-	42,465,704	40,559,095
3,971,952	2,243,062	-	-	51,960,999	49,052,615
-	-	-	-	-	-
4,879,838	2,412,601	464,113	499,094	70,855,597	67,915,332
-	-	-	-	-	-
27,922	21,871	44,946	54,941	272,440	474,896
-	9,317	-	16,304	-	81,522
-	-	-	-	321,932	377,120
27,922	31,188	44,946	71,245	594,372	933,538

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Statement of Net Position - Continued
June 30, 2019 and 2018

LIABILITIES	2019 ELECTRIC	2018 ELECTRIC	2019 WATER	2018 WATER
Current liabilities				
Accounts payable	\$ 1,584,575	2,600,877	50,521	51,571
Wages and benefits payable	98,367	101,599	57,542	58,866
Sales tax payable	452	1,743	80	84
Deferred rental fees	-	-	-	-
Accrued interest payable	-	-	500	558
General obligation bonds payable within one year	-	-	48,000	147,300
Total current liabilities	<u>1,683,394</u>	<u>2,704,219</u>	<u>156,643</u>	<u>258,379</u>
Current liabilities payable from restricted assets				
Accrued interest payable	61,504	64,628	-	-
Revenue capital loan notes and bonds payable within one year	756,000	737,000	-	-
Current liabilities payable from restricted assets	<u>817,504</u>	<u>801,628</u>	<u>-</u>	<u>-</u>
Noncurrent liabilities				
Net pension liability	669,101	711,356	287,737	307,294
OPEB liability	221,562	228,086	73,854	76,029
General obligation bonds payable after one year	-	-	239,600	287,600
Revenue capital loan notes payable after one year (net of unamortized premium of \$311,732 (2018 - \$332,986))	10,338,732	11,115,986	-	-
Total noncurrent liabilities	<u>11,229,395</u>	<u>12,055,428</u>	<u>601,191</u>	<u>670,923</u>
Total liabilities	<u>13,730,293</u>	<u>15,561,275</u>	<u>757,834</u>	<u>929,302</u>
DEFERRED INFLOWS OF RESOURCES				
Pension related deferred inflows	5,726	63,954	1,474	26,520
OPEB related deferred inflows	-	5,772	-	1,924
Total deferred inflows	<u>5,726</u>	<u>69,726</u>	<u>1,474</u>	<u>28,444</u>
NET POSITION				
Net investment in capital assets	23,711,279	21,895,004	12,966,451	12,491,871
Restricted for debt service	1,414,118	1,059,466	-	102,500
Restricted for plant improvement	-	-	75,000	75,000
Unrestricted				
Designated for payment of insurance coverage deductibles	-	-	-	-
Designated for economic development revolving loan fund	-	-	-	-
Undesignated	11,138,741	11,468,088	2,232,234	2,154,066
Total unrestricted	<u>11,138,741</u>	<u>11,468,088</u>	<u>2,232,234</u>	<u>2,154,066</u>
Total net position	<u>\$ 36,264,138</u>	<u>34,422,558</u>	<u>15,273,685</u>	<u>14,823,437</u>

See accompanying notes to financial statements.

2019 FIBER	2018 FIBER	2019 JOINT UTILITY	2018 JOINT UTILITY	2019 TOTAL	2018 TOTAL
138,176	215,173	3,629	7,275	1,776,901	2,874,896
40,756	22,611	39,034	33,600	235,699	216,676
7,003	-	-	-	7,535	1,827
3,859	4,561	-	-	3,859	4,561
-	-	-	-	500	558
-	-	-	-	48,000	147,300
<u>189,794</u>	<u>242,345</u>	<u>42,663</u>	<u>40,875</u>	<u>2,072,494</u>	<u>3,245,818</u>
23,489	8,234	-	-	84,993	72,862
95,000	-	-	-	851,000	737,000
<u>118,489</u>	<u>8,234</u>	<u>-</u>	<u>-</u>	<u>935,993</u>	<u>809,862</u>
6,171	13,124	226,863	235,879	1,189,872	1,267,653
49,237	50,686	86,162	88,699	430,815	443,500
-	-	-	-	239,600	287,600
<u>6,815,671</u>	<u>2,593,890</u>	<u>-</u>	<u>-</u>	<u>17,154,403</u>	<u>13,709,876</u>
<u>6,871,079</u>	<u>2,657,700</u>	<u>313,025</u>	<u>324,578</u>	<u>19,014,690</u>	<u>15,708,629</u>
<u>7,179,362</u>	<u>2,908,279</u>	<u>355,688</u>	<u>365,453</u>	<u>22,023,177</u>	<u>19,764,309</u>
(1,959)	3,541	(7,546)	5,685	(2,305)	99,700
-	1,283	-	2,245	-	11,224
<u>(1,959)</u>	<u>4,824</u>	<u>(7,546)</u>	<u>7,930</u>	<u>(2,305)</u>	<u>110,924</u>
3,971,952	2,243,062	-	-	40,649,682	36,629,937
(23,489)	(8,234)	-	-	1,390,629	1,153,732
-	-	-	-	75,000	75,000
-	-	13,890	13,595	13,890	13,595
-	-	487,402	485,100	487,402	485,100
<u>(6,218,106)</u>	<u>(2,704,142)</u>	<u>(340,375)</u>	<u>(301,739)</u>	<u>6,812,494</u>	<u>10,616,273</u>
<u>(6,218,106)</u>	<u>(2,704,142)</u>	<u>160,917</u>	<u>196,956</u>	<u>7,313,786</u>	<u>11,114,968</u>
<u>(2,269,643)</u>	<u>(469,314)</u>	<u>160,917</u>	<u>196,956</u>	<u>49,429,097</u>	<u>48,973,637</u>

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Statement of Revenues, Expenses and Changes in Net Position
Years Ended June 30, 2019 and 2018

	2019 ELECTRIC	2018 ELECTRIC	2019 WATER	2018 WATER
Operating revenues				
Utility service sales	\$ 14,907,744	14,919,635	2,327,049	2,387,754
Capacity contract fees	636,073	542,596	-	-
Peaking power charges	81,729	39,015	-	-
Service installation fees	51,723	31,063	-	-
Fiber communication rental fees	-	-	-	-
Fiber lease fees	212,000	245,000	-	-
Transmission revenue	570,604	335,476	-	-
Other	77,372	36,018	46,302	52,766
Total operating revenues	<u>16,537,245</u>	<u>16,148,803</u>	<u>2,373,351</u>	<u>2,440,520</u>
Operating expenses				
Plant operation	205,651	198,529	627,322	671,454
Plant maintenance	279,948	248,817	45,196	26,113
Purchased energy	9,454,149	9,803,641	-	-
Depreciation	1,573,020	1,429,722	626,015	612,537
Distribution operation	169,375	151,426	-	-
Distribution maintenance	1,148,616	1,046,801	487,827	224,048
Transmission operation and maintenance	33,538	13,477	-	-
Meter reading	30,869	30,582	30,980	31,598
Administrative and general	1,937,090	1,838,893	389,183	400,161
Total operating expenses	<u>14,832,256</u>	<u>14,761,888</u>	<u>2,206,523</u>	<u>1,965,911</u>
Income (loss) from operations	<u>1,704,989</u>	<u>1,386,915</u>	<u>166,828</u>	<u>474,609</u>
Nonoperating revenues (expenses)				
Interest on investments	203,022	180,868	45,315	32,788
Interest on loan to municipal water utility	9,805	16,242	(9,805)	(16,242)
Connect charges and service fees	32,959	34,774	22,904	21,864
Gain on sale or transfer of capital assets	-	5,533	-	-
Revenue capital loan note issuance costs	-	(88,838)	-	-
Other revenues	99,825	184,056	57,076	72,088
Interest expense	(308,578)	(324,319)	(9,142)	(10,756)
	<u>37,033</u>	<u>8,316</u>	<u>106,348</u>	<u>99,742</u>
Net income (loss)	1,742,022	1,395,231	273,176	574,351
Capital contributions from developers and customers	<u>99,558</u>	<u>54,814</u>	<u>177,072</u>	<u>173,325</u>
Change in net position	1,841,580	1,450,045	450,248	747,676
Net position, beginning of year	<u>34,422,558</u>	<u>32,972,513</u>	<u>14,823,437</u>	<u>14,075,761</u>
Net position, end of year	<u>\$ 36,264,138</u>	<u>34,422,558</u>	<u>15,273,685</u>	<u>14,823,437</u>

See accompanying notes to financial statements.

2019 FIBER	2018 FIBER	2019 JOINT UTILITY	2018 JOINT UTILITY	2019 TOTAL	2018 TOTAL
341,654	-	-	-	17,576,447	17,307,389
-	-	-	-	636,073	542,596
-	-	-	-	81,729	39,015
-	-	-	-	51,723	31,063
431,562	417,451	-	-	431,562	417,451
(212,000)	(245,000)	-	-	-	-
-	-	-	-	570,604	335,476
(48,000)	20,915	-	374	75,674	110,073
513,216	193,366	-	374	19,423,812	18,783,063
-	-	-	-	832,973	869,983
-	-	-	-	325,144	274,930
-	-	-	-	9,454,149	9,803,641
167,061	10,921	-	-	2,366,096	2,053,180
1,491,431	241,375	-	-	1,660,806	392,801
-	-	-	-	1,636,443	1,270,849
-	-	-	-	33,538	13,477
-	-	-	-	61,849	62,180
361,076	307,153	38,813	25,688	2,726,162	2,571,895
2,019,568	559,449	38,813	25,688	19,097,160	17,312,936
(1,506,352)	(366,083)	(38,813)	(25,314)	326,652	1,470,127
12,044	3,659	2,596	1,920	262,977	219,235
-	-	-	-	-	-
-	-	-	-	55,863	56,638
-	-	-	-	-	5,533
-	(289,555)	-	-	-	(378,393)
26,388	2,850	178	-	183,467	258,994
(332,409)	(101,936)	-	-	(650,129)	(437,011)
(293,977)	(384,982)	2,774	1,920	(147,822)	(275,004)
(1,800,329)	(751,065)	(36,039)	(23,394)	178,830	1,195,123
-	-	-	-	276,630	228,139
(1,800,329)	(751,065)	(36,039)	(23,394)	455,460	1,423,262
(469,314)	281,751	196,956	220,350	48,973,637	47,550,375
(2,269,643)	(469,314)	160,917	196,956	49,429,097	48,973,637

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Statement of Cash Flows
Years Ended June 30, 2019 and 2018

	2019 ELECTRIC	2018 ELECTRIC	2019 WATER	2018 WATER
Cash flows from operating activities				
Cash received from customers	\$ 16,788,480	15,470,480	2,380,031	2,419,330
Cash paid to suppliers	(12,348,059)	(10,484,247)	(806,963)	(528,980)
Cash paid to employees	(1,395,005)	(1,613,815)	(651,249)	(744,511)
Accounting and collections - transfer to IMU				
Joint Utility	(342,936)	(166,728)	(92,565)	(49,699)
Nonoperating revenues received	132,784	218,830	79,980	93,952
Net cash provided (used) by operating activities	<u>2,835,264</u>	<u>3,424,520</u>	<u>909,234</u>	<u>1,190,092</u>
Cash flows from capital and related financing activities				
Purchases and construction of capital assets	(2,586,671)	(6,125,389)	(515,228)	(371,357)
Proceeds from sale of capital assets	-	5,533	-	-
Water main connection fees received	-	-	-	2,515
Revenue capital loan notes issued	-	7,025,472	-	-
Payment of revenue refunding capital loan note				
issuance costs	-	(88,838)	-	-
General obligation bond principal paid	-	-	(147,300)	(46,600)
General obligation bond interest paid	-	-	(9,200)	(7,300)
Revenue capital loan notes and bonds principal paid	(737,000)	(718,000)	-	-
Revenue capital loan notes and bonds interest paid	<u>(277,768)</u>	<u>(240,550)</u>	<u>-</u>	<u>-</u>
Net cash provided (used) by capital and related				
financing activities	<u>(3,601,439)</u>	<u>(141,772)</u>	<u>(671,728)</u>	<u>(422,742)</u>
Cash flows from investing activities				
Interfund loan principal received	260,995	254,558	(260,995)	(254,558)
Interfund interest income received	9,805	16,242	(9,805)	(16,242)
Principal payment received from the City of Indianola	-	-	-	19,166
Interest income received	<u>204,056</u>	<u>171,532</u>	<u>45,367</u>	<u>31,867</u>
Net cash provided (used) by investing activities	<u>474,856</u>	<u>442,332</u>	<u>(225,433)</u>	<u>(219,767)</u>
Net increase (decrease) in cash and investments	(291,319)	3,725,080	12,073	547,583
Cash and investments, beginning of year	<u>10,610,887</u>	<u>6,885,807</u>	<u>2,200,324</u>	<u>1,652,741</u>
Cash and investments, end of year	<u>\$ 10,319,568</u>	<u>10,610,887</u>	<u>2,212,397</u>	<u>2,200,324</u>

2019 FIBER	2018 FIBER	2019 JOINT UTILITY	2018 JOINT UTILITY	2019 TOTAL	2018 TOTAL
507,566	192,664	-	374	19,676,077	18,082,848
(1,550,121)	(103,387)	(47,893)	1,466	(14,753,036)	(11,115,148)
(552,432)	(274,024)	(576,239)	(397,187)	(3,174,925)	(3,029,537)
(150,876)	(110,548)	586,377	326,975	-	-
26,388	2,850	178	-	239,330	315,632
(1,719,475)	(292,445)	(37,577)	(68,372)	1,987,446	4,253,795
(1,895,951)	(2,180,160)	-	-	(4,997,850)	(8,676,906)
-	-	-	-	-	5,533
-	-	-	-	-	2,515
4,316,781	2,593,890	-	-	4,316,781	9,619,362
-	(289,555)	-	-	-	(378,393)
-	-	-	-	(147,300)	(46,600)
-	-	-	-	(9,200)	(7,300)
-	-	-	-	(737,000)	(718,000)
(317,154)	(93,702)	-	-	(594,922)	(334,252)
2,103,676	30,473	-	-	(2,169,491)	(534,041)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	19,166
11,313	2,703	2,596	1,920	263,332	208,022
11,313	2,703	2,596	1,920	263,332	227,188
395,514	(259,269)	(34,981)	(66,452)	81,287	3,946,942
43,500	302,769	499,094	565,546	13,353,805	9,406,863
439,014	43,500	464,113	499,094	13,435,092	13,353,805
439,014	43,500	464,113	499,094	11,884,470	12,052,211
-	-	-	-	1,550,622	1,301,594
439,014	43,500	464,113	499,094	13,435,092	13,353,805

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Statement of Cash Flows - Continued
Years Ended June 30, 2019 and 2018

	2019 ELECTRIC	2018 ELECTRIC	2019 WATER	2018 WATER
Reconciliation of income (loss) from operations to net cash provided (used) by operating activities				
Income (loss) from operations	\$ 1,704,989	1,386,915	166,828	474,609
Adjustments				
Nonoperating revenues	132,784	218,830	79,980	93,952
Depreciation	1,573,020	1,429,722	626,015	612,537
(Increase) decrease in accounts receivable	316,720	(539,188)	14,885	1,646
(Increase) decrease in inventories	63,179	98,758	(3,631)	(870)
Increase in pension related deferred outflows	136,250	(54,766)	62,262	(24,434)
Increase in OPEB deferred outflows	41,926	(41,926)	13,975	(13,975)
Increase (decrease) in net pension liability	(42,255)	79,057	(19,557)	35,427
Increase (decrease) in OPEB liability	(6,524)	(125,588)	(2,175)	(41,863)
Increase (decrease) in pension related deferred inflows	(58,228)	39,827	(25,046)	19,294
Increase (decrease) in OPEB deferred inflows	(5,772)	5,772	(1,924)	1,924
(Increase) decrease in deferred rental fees	-	-	-	-
Increase (decrease) in accounts, wages and benefits, and sales tax payable	(1,020,825)	927,107	(2,378)	31,845
Net cash provided (used) by operating activities	\$ 2,835,264	3,424,520	909,234	1,190,092
Noncash capital and related financing activities				
Capital contributions from developers and customers	\$ 99,558	54,814	177,072	173,325

See accompanying notes to financial statements.

2019 FIBER	2018 FIBER	2019 JOINT UTILITY	2018 JOINT UTILITY	2019 TOTAL	2018 TOTAL
(1,506,352)	(366,083)	(38,813)	(25,314)	326,652	1,470,127
26,388	2,850	178	-	239,330	315,632
167,061	10,921	-	-	2,366,096	2,053,180
(11,951)	-	-	-	319,654	(537,542)
(330,151)	(125,083)	-	-	(270,603)	(27,195)
(6,051)	(14,462)	9,995	(8,035)	202,456	(101,697)
9,317	(9,317)	16,304	(16,304)	81,522	(81,522)
(6,953)	4,777	(9,016)	3,844	(77,781)	123,105
(1,449)	(27,908)	(2,537)	(48,841)	(12,685)	(244,200)
(5,500)	3,252	(13,231)	(3,990)	(102,005)	58,383
(1,283)	1,283	(2,245)	2,245	(11,224)	11,224
(702)	(702)	-	-	(702)	(702)
(51,849)	228,027	1,788	28,023	(1,073,264)	1,215,002
(1,719,475)	(292,445)	(37,577)	(68,372)	1,987,446	4,253,795
-	-	-	-	276,630	228,139

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements
June 30, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

- A. Reporting Entity - The Indianola Municipal Utilities is a component unit of the City of Indianola, Iowa, as determined by criteria specified by the Governmental Accounting Standards Board. The Utilities are governed by a five member board appointed by the City Council, which exercises oversight responsibility under this criteria.
- B. Basis of Presentation - The accompanying financial statements present the financial position, changes in financial position and cash flows of the Indianola Municipal Utilities of the City of Indianola, Iowa. These financial statements are not intended to present the financial position of the City of Indianola, Iowa, and the changes in its financial position and cash flows of its proprietary fund types.

The Statement of Net Position presents the Utilities' assets and deferred outflows of resources and liabilities and deferred inflows of resources, with the difference reported as net position. Net position is reported in the following categories.

Net investment in capital assets consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt attributable to the acquisition, construction or improvement of those assets.

Restricted net position results when constraints placed on net position use are either externally imposed or imposed by law through constitutional provisions or enabling legislation. Enabling legislation did not result in any restricted net position.

Unrestricted net position consists of net position not meeting the definition of the two preceding categories. Unrestricted net position is often subject to constraints imposed by management which can be removed or modified.

- C. Basis of Accounting - The Utilities distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the Utilities' principal ongoing operations. The principal operating revenues of the Utilities is charges to customers for sales and services. Operating expenses for the Utilities include the cost of sales and services, administrative expenses and depreciation/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The Utilities maintains its financial records on the cash basis. The financial statements of the Utilities are prepared by making memorandum adjusting entries to the cash basis financial records.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position - The following accounting policies are followed in preparing the Statement of Net Position:

Cash and Investments and Interest Income - Cash balances available from each of the funds of the City of Indianola, Iowa and the Indianola Municipal Utilities are pooled for investment and cash management purposes. Investments purchased by the pool are stated at cost or amortized cost. Interest earned on pooled investments is allocated monthly on the basis of the funds' ending cash and investment balances. Because the cash of Indianola Municipal Utilities is deposited with or withdrawn from the cash and investment pool without restriction the allocated share of the pool has been treated as a cash equivalent in the accompanying statement of cash flows.

Accounts Receivable – Customers – Accounts receivable are recorded in the Enterprise Funds at the time the service is billed. Unbilled usage for service consumed between periodic scheduled billing dates is estimated and is recognized as revenue in the period in which the service is provided.

Inventories - Inventories, which consist of fuel oil and supplies, are stated at the lower of cost (first-in, first-out basis) or net realizable value. Inventories are recorded as expenses when consumed rather than when purchased.

Restricted Assets - Funds set aside for payment of Enterprise Fund revenue bonds are classified as restricted assets since their use is restricted by applicable bond indentures.

Capital Assets - Capital assets which include property, plant, and equipment, stated at original cost. Depreciation expense is computed using the straight-line method and estimated useful lives as follows:

Electric utility	
Power plant building	50 years
Generating units	25 years
Transmission and distribution systems	40 years
Vehicles	10 years
Computer equipment	5 years
Water utility	
Buildings and plant	40 years
Wells and towers	30-50 years
Mains and hydrants	50 years
Meters	20 years
Machinery and equipment	15 years
Vehicles	10 years

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2019 and 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

D. Assets, Deferred Outflows of Resources, Liabilities, Deferred Inflows of Resources, and Net Position- Continued

Capital Assets - Continued

Fiber communications utility	
Buildings and plant	40 years
Distribution and connection systems	10 years
Machinery and equipment	10-20 years
Vehicles	10 years

Deferred Outflows of Resources – Deferred outflows of resources represent a consumption of net position that applies to a future period(s) and will not be recognized as an outflow of resources (expense) until then. Deferred outflows of resources consist of unrecognized items not yet charged to pension and OPEB expense and contributions from the employer after the measurement date but before the end of the employer's reporting period and outflows from debt defeasance.

Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Iowa Public Employees' Retirement System (IPERS) and additions to/deductions from IPERS' fiduciary net position have been determined on the same basis as they are reported by IPERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Total OPEB Liability – For purposes of measuring the total OPEB liability, deferred outflows of resources related to OPEB, deferred inflows of resources related to OPEB and OPEB expense, information has been determined based on the City of Indianola, Iowa's actuary report. For this purpose, benefit payments are recognized when due and payable in accordance with the benefit terms.

Deferred Inflows of Resources – Deferred inflows of resources represent an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. Although certain revenues are measurable, they are not available. Deferred inflows of resources in the Statement of Net Position consist of the unamortized portion of the net difference between projected and actual earnings on pension plan investments and the unamortized effect of changes of assumptions for the OPEB plan.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2019 and 2018

2. LOAN RECEIVABLE FROM MUNICIPAL WATER UTILITY

The Board of Trustees have approved the following loans to the Municipal Water Utility: in September 1992 for the amount of \$500,000; in January 1994 for the amount of \$1,000,000; in September 1994 for the amount of \$1,000,000; in December 1995 for the amount of \$500,000; in July 1996 for the amount of \$2,000,000; in December 1997 for the amount of \$500,000; and in June 1999 for the amount of \$200,000. In August 1999 the Trustees elected to defer interest payments for one year and continue to make regular principal payments on the loans. In August 2000 the Trustees restructured all of the loans and the deferred interest into one loan of \$4,826,779 payable in monthly installments of \$33,300, including interest at 5% per annum. In May 2003 the Trustees restructured the loan to be payable in monthly installments of \$31,100, including interest at 4% per annum, through February 2019. In November 2003 the Trustees restructured the loan again to be payable in monthly installments of \$22,568, including interest at 2.5% per annum, through October 2023.

In July 2005 the Trustees restructured the loan again to be payable in monthly installments of \$22,568, including interest at 3.5% per annum, through February 2026. In February 2013 the Trustees restructured the loan again to be payable in monthly installments of \$22,568, including interest at 2.5% per annum, through March 2023. In June 2014 and June 2015 principal prepayments of \$340,000 and \$320,000, respectively, were made on the loan.

Aggregate maturities of loan principal to reflect the restructured loan as of June 30, 2019 were as follows:

Year ending June 30,	
<u>2020</u>	\$ 250,917

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2019 and 2018

3. CAPITAL ASSETS

A summary of the Utilities capital assets for the years ended June 30, 2019 and 2018, was as follows:

	Electric Utility					
	Balance			Balance		
	Beginning			End		End
	of Year	Increases	Decreases	of Year	Increases	Decreases
	2018	2018	2018	2018	2019	2019
Capital assets not being depreciated						
Land	\$ 359,207	-	-	359,207	-	-
Capital assets being depreciated						
Service territory	446,000	-	-	446,000	-	-
Generating units	15,161,374	-	-	15,161,374	-	-
Distribution system	30,905,050	4,397,148	(1,966,594)	33,335,604	1,315,346	(211,711)
Transmission system	4,277,207	54,995	-	4,332,202	-	-
Buildings and plant	2,159,044	936,972	-	3,096,016	1,144,460	-
Computer equipment	492,593	196,989	-	689,582	87,695	(160,107)
Equipment	853,418	594,099	-	1,447,517	99,395	(87,669)
Vehicles	1,523,207	-	(243,119)	1,280,088	39,334	-
Total capital assets being depreciated	55,817,893	6,180,203	(2,209,713)	59,788,383	2,686,230	(459,487)
Less accumulated depreciation						
Service territory	251,425	22,300	-	273,725	22,300	-
Generating units	12,397,182	362,936	-	12,760,118	358,356	-
Distribution system	11,121,284	778,422	(1,966,594)	9,933,112	844,543	(211,711)
Transmission system	413,036	107,616	-	520,652	108,304	-
Buildings and plant	1,040,104	34,131	-	1,074,235	54,945	-
Computer equipment	412,831	37,424	-	450,255	65,893	(160,108)
Equipment	770,806	9,450	-	780,256	44,665	(87,668)
Vehicles	1,150,044	77,443	(243,119)	984,368	74,014	-
Total accumulated depreciation	27,556,712	1,429,722	(2,209,713)	26,776,721	1,573,020	(459,487)
Total capital assets being depreciated, net	28,261,181	4,750,481	-	33,011,662	1,113,210	-
Total capital assets, net	\$ 28,620,388	4,750,481	-	33,370,869	1,113,210	-

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2019 and 2018

3. CAPITAL ASSETS - Continued

	Water Utility					
	Balance Beginning of Year	Increases	Decreases	Balance End of Year	Increases	Decreases
	2018	2018	2018	2018	2019	2019
Capital assets not being depreciated						
Land	\$ 227,441	-	-	227,441	-	-
Capital assets being depreciated						
Service territory	328,412	-	-	328,412	-	-
Buildings and plant	7,681,305	179,606	-	7,860,911	-	-
Wells and towers	4,880,733	-	-	4,880,733	-	-
Mains, hydrants and meters	11,897,538	356,066	-	12,253,604	638,826	-
Equipment	598,513	-	-	598,513	26,520	-
Vehicles	312,960	6,495	(65,410)	254,045	26,953	-
Total capital assets being depreciated	25,699,461	542,167	(65,410)	26,176,218	692,299	-
Less accumulated depreciation						
Service territory	135,639	10,947	-	146,586	10,947	-
Buildings and plant	3,908,326	177,911	-	4,086,237	180,157	-
Wells and towers	2,392,042	134,246	-	2,526,288	134,246	-
Mains, hydrants and meters	5,236,425	257,556	-	5,493,981	268,364	-
Equipment	558,420	6,797	-	565,217	7,680	-
Vehicles	186,996	25,080	(65,410)	146,666	24,621	-
Total accumulated depreciation	12,417,848	612,537	(65,410)	12,964,975	626,015	-
Total capital assets being depreciated, net	13,281,613	(70,370)	-	13,211,243	66,284	-
Total capital assets, net	\$ 13,509,054	(70,370)	-	13,438,684	66,284	-

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2019 and 2018

3. CAPITAL ASSETS - Continued

	Fiber Telecommunications Utility						
	Balance				Balance		
	Beginning				End		
	of Year	Increases	Decreases		of Year	Increases	Decreases
	2018	2018	2018		2018	2019	2019
Capital assets being depreciated							
Distribution system	\$ 153,989	242,794	-		396,783	577,688	-
Buildings and plant	91,948	539,187	-		631,135	492,844	-
Equipment	634,364	1,294,335	-		1,928,699	825,419	-
Vehicles	19,409	103,844	(19,409)		103,844	-	-
Total capital assets being depreciated	899,710	2,180,160	(19,409)		3,060,461	1,895,951	-
Less accumulated depreciation							
Distribution system	153,176	813	-		153,989	32,482	-
Buildings and plant	18,938	2,299	-		21,237	15,199	-
Equipment	634,364	2,616	-		636,980	108,997	-
Vehicles	19,409	5,193	(19,409)		5,193	10,383	-
Total accumulated depreciation	825,887	10,921	(19,409)		817,399	167,061	-
Total capital assets being depreciated, net	\$ 73,823	2,169,239	-		2,243,062	1,728,890	-

4. LONG-TERM LIABILITIES

A summary of the changes in notes and bonds payable for the years ended June 30, 2019 and 2018 is as follows:

	Revenue Capital Loan Notes	General Obligation Bonds	Total
Balance June 30, 2017	\$ 5,558,000	477,786	6,035,786
Amortization of bond discount (premium)	(12,486)	3,714	(8,772)
Issued during fiscal 2018	9,619,362	-	9,619,362
Redeemed during fiscal 2018	(718,000)	(46,600)	(764,600)
Balance June 30, 2018	14,446,876	434,900	14,881,776
Amortization of bond discount (premium)	(21,254)	-	(21,254)
Issued during fiscal 2019	4,316,781	-	4,316,781
Redeemed during fiscal 2019	(737,000)	(147,300)	(884,300)
Balance June 30, 2019	\$ 18,005,403	287,600	18,293,003

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2019 and 2018

4. LONG-TERM LIABILITIES – Continued

REVENUE CAPITAL LOAN NOTES AND BONDS PAYABLE

The Utilities have pledged future electric customer receipts, net of specified operating disbursements, to repay \$7,241,000 of Electric Revenue Refunding Capital Loan Notes issued in March 2015. Proceeds from the notes refunded \$6,490,000 of Electric Revenue Capital Loan Notes issued in June 2010 and \$1,470,000 of Electric Revenue Bonds issued in December 2011.

The notes are payable solely from electric customer net receipts and are payable through 2025. Annual principal and interest payments on the notes are expected to require less than 27% of net revenues. The total principal and interest remaining to be paid on the notes is \$4,437,724. For the current year, principal and interest paid and total customer net revenues (operating income plus depreciation/amortization expense) were \$862,218 and \$3,278,009, respectively.

The Utilities have pledged future fiber communications customer receipts, net of specified operating disbursements, to repay \$6,287,000 of Communications Utility Revenue Capital Loan Notes issued in August 2017. Proceeds from the notes provided financing for improvements and extensions to the Municipal Communications Utility. The notes are payable solely from fiber communications customer net receipts and are payable through 2032. Annual principal and interest payments on the notes are expected to require less than 100% of net revenues. The total principal and interest remaining to be paid on the notes is \$8,400,360. For the current year, principal and interest paid and total customer net loss (operating income plus depreciation/amortization expense) were \$129,138 and \$(1,339,291), respectively.

The Utilities have pledged future fiber communications customer receipts, net of specified operating disbursements, to repay \$3,000,000 of Taxable Communications Utility Revenue Capital Loan Notes issued in August 2017. Proceeds from the notes provided financing for improvements and extensions to the Municipal Communications Utility. The notes are payable solely from fiber communications customer net receipts and are payable through 2032. Annual principal and interest payments on the notes are expected to require less than 100% of net revenues. The total principal and interest remaining to be paid on the notes is \$4,240,700. For the current year, principal and interest paid and total customer net loss (operating income plus depreciation/amortization expense) were \$70,016 and \$(1,339,291), respectively.

The Utilities have pledged future electric customer receipts, net of specified operating disbursements, to repay \$6,680,000 of Electric Revenue Capital Loan Notes issued in September 2018. Proceeds from the notes provided financing for improvements and extensions to the Municipal Electric Utility. The notes are payable solely from electric customer net receipts and are payable through 2037. Annual principal and interest payments on the notes are expected to require less than 10% of net revenues. The total principal and interest remaining to be paid on the notes is \$10,069,500. For the current year, principal and interest paid and total customer net revenues (operating income plus depreciation/amortization expense) were \$270,550 and \$3,278,009, respectively.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2019 and 2018

4. LONG-TERM LIABILITIES - Continued

REVENUE CAPITAL LOAN NOTES AND BONDS PAYABLE – Continued

The resolution providing for the issuance of the revenue capital loan notes include the following provisions:

- a. The notes will only be redeemed from the future earnings of the enterprise activity and the note holders hold a lien on the future earnings of the funds.
- b. Sufficient monthly transfers shall be made to separate electric and fiber revenue note sinking accounts within the Enterprise Funds for the purpose of making the note principal and interest payments when due.
- c. Additional monthly transfers shall be made to an electric reserve account within the Enterprise Funds until a specific minimum balance have been accumulated in the account. This account is restricted for the purpose of paying principal at maturity of or interest on the Notes for the payment of which insufficient money shall be available in the sinking fund.
- d. All funds remaining after payment of all maintenance and operating expenses and the transfers to the restricted accounts noted above can be used to retire any subordinate obligations, to pay for extraordinary repairs or replacements to the electric system, or to pay or redeem any notes or bonds, and then can be used for any lawful purpose.

Details of revenue capital loan notes at June 30, 2019 are as follows:

	<u>Date of Issue</u>	<u>Interest Rates</u>	<u>Final Due Date</u>	<u>Annual Payments</u>	<u>Amount Originally Issued</u>	<u>Outstanding June 30, 2019</u>
Electric revenue refunding capital loan notes, Series 2015	Mar 26, 2015	2.60%	May 1, 2025	\$120,000 - 838,000	7,241,000	4,103,000
Communications revenue capital loan notes, Series 2017	Aug 10, 2017	4.00%	Jun 1, 2032	70,000 - 699,000	6,287,000	4,624,394
Communications revenue capital loan notes, Series 2017	Aug 10, 2017	5.00%	Jun 1, 2032	25,000 - 334,000	3,000,000	2,286,277
Electric revenue capital loan notes, Series 2017	Sep 13, 2017	4.00 - 5.00%	May 1, 2032	335,000 - 645,000	6,680,000	<u>6,680,000</u>
						<u>17,693,671</u>

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2019 and 2018

4. LONG-TERM LIABILITIES - Continued

REVENUE CAPITAL LOAN NOTES AND BONDS PAYABLE – Continued

Revenue capital loan note and bond debt service requirements are as follows as of June 30, 2019:

Year Ending June 30,	Principal	Interest	Total
2020	\$ 851,000	676,518	1,527,518
2021	991,000	652,812	1,643,812
2022	1,199,000	623,285	1,822,285
2023	1,518,000	584,440	2,102,440
2024	1,570,000	533,028	2,103,028
2025-2029	6,422,000	1,870,538	8,292,538
2030-2034	3,272,671	730,109	4,002,780
2035-2037	1,870,000	151,400	2,021,400
	<u>\$ 17,693,671</u>	<u>5,822,130</u>	<u>23,515,801</u>

GENERAL OBLIGATION BONDS PAYABLE

In May 2012 the City issued \$3,875,000 of General Obligation Bonds, a portion of which was used to finance water main improvements. Although the bonds are a general obligation of the City and the City has authority to levy property taxes to pay the bonds and related interest, as payments come due, it is the intention of the City Council that the payments of \$572,700 of bond principal and related interest be financed by the operations of the Municipal Water Utility. Accordingly, that portion of the bonds is reported as a liability and the interest payments are reported as an expense of the Utilities in these financial statements. Municipal Water Utility principal payments are due on the notes in the amounts of \$11,000 to \$52,500 from June 1, 2013 through June 1, 2025. Interest on the notes at rates of .5% to 2.4% per annum is due semiannually beginning December 1, 2012.

Details of general obligation bonds at June 30, 2019 are as follows:

	Date of Issue	Interest Rates	Final Due Date	Annual Payments	Amount Originally Issued	Outstanding June 30, 2019
General obligation bonds	May 1, 2012	1.13 - 2.40%	Jun 1, 2025	37,000 - 52,500	572,700	287,600

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2019 and 2018

4. LONG-TERM LIABILITIES - Continued

GENERAL OBLIGATION BONDS PAYABLE - Continued

The Municipal Water Utility portion of general obligation bond debt service requirements are as follows as of June 30, 2019:

Year ending June 30,	Principal	Interest	Total
2020	\$ 48,000	6,000	54,000
2021	48,800	5,200	54,000
2022	50,300	4,300	54,600
2023	51,000	3,200	54,200
2024	52,500	2,100	54,600
2025	37,000	900	37,900
	<u>\$ 287,600</u>	<u>21,700</u>	<u>309,300</u>

5. COMPENSATED ABSENCES

Indianola Municipal Utilities employees accumulate vacation hours, compensating time off and sick leave for subsequent use. Unused vacation hours and compensating time off are payable upon termination, retirement or death. These amounts are included in wages and benefits payable as of June 30, 2019 and 2018. Accrued sick leave benefits as of June 30, 2019 of approximately \$366,696 (2018 - \$351,477) are payable only when used and have not been accrued.

6. PENSION PLAN

Plan Description - IPERS membership is mandatory for employees of the Utilities, except for those covered by another retirement system. Employees of the Utilities are provided with pensions through a cost-sharing multiple employer defined benefit pension plan administered by Iowa Public Employees' Retirement System (IPERS). IPERS issues a stand-alone financial report which is available to the public by mail at P.O. Box 9117, Des Moines, Iowa 50306-9117 or at www.ipers.org.

IPERS benefits are established under Iowa Code chapter 97B and the administrative rules thereunder. Chapter 97B and the administrative rules are the official plan documents. The following brief description is provided for general informational purposes only. Refer to the plan documents for more information.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2019 and 2018

6. PENSION PLAN - Continued

Pension Benefits – A Regular member may retire at normal retirement age and receive monthly benefits without an early-retirement reduction. Normal retirement age is age 65, any time after reaching age 62 with 20 or more years of covered employment, or when the member's years of service plus the member's age at the last birthday equals or exceeds 88, whichever comes first. These qualifications must be met on the member's first month of entitlement to benefits. Members cannot begin receiving retirement benefits before age 55. The formula used to calculate a Regular member's monthly IPERS benefit includes:

- A multiplier based on years of service.
- The member's highest five-year average salary, except members with service before June 30, 2012 will use the highest three-year average salary as of that date if it is greater than the highest five-year average salary.

If a member retires before normal retirement age, the member's monthly retirement benefit will be permanently reduced by an early-retirement reduction. The early-retirement reduction is calculated differently for service earned before and after July 1, 2012. For service earned before July 1, 2012, the reduction is 0.25% for each month that the member receives benefits before the member's earliest normal retirement age. For service earned on or after July 1, 2012, the reduction is 0.50% for each month that the member receives benefits before age 65.

Generally, once a member selects a benefit option, a monthly benefit is calculated and remains the same for the rest of the member's lifetime. However, to combat the effects of inflation, retirees who began receiving benefits prior to July 1990 receive a guaranteed dividend with their regular November benefit payments.

Disability and Death Benefits - A vested member who is awarded federal Social Security disability or Railroad Retirement disability benefits is eligible to claim IPERS benefits regardless of age. Disability benefits are not reduced for early retirement. If a member dies before retirement, the member's beneficiary will receive a lifetime annuity or a lump-sum payment equal to the present actuarial value of the member's accrued benefit or calculated with a set formula, whichever is greater. When a member dies after retirement, death benefits depend on the benefit option the member selected at retirement.

Contributions - Contribution rates are established by IPERS following the annual actuarial valuation, which applies IPERS' Contribution Rate Funding Policy and Actuarial Amortization Method. State Statute limits the amount rates can increase or decrease each year to 1 percentage point. IPERS Contribution Rate Funding Policy requires that the actuarial contribution rate be determined using the "entry age normal" actuarial cost method and the actuarial assumptions and methods approved by the IPERS Investment Board. The actuarial contribution rate covers normal cost plus the unfunded actuarial liability payment based on a 30-year amortization period. The payment to amortize the unfunded actuarial liability is determined as a level percentage of payroll based on the Actuarial Amortization Method adopted by the Investment Board.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2019 and 2018

6. PENSION PLAN - Continued

In fiscal year 2018, pursuant to the required rate, Regular members contributed 6.29% of covered payroll and the Utility contributed 9.44% of covered payroll, for a total rate of 15.73%.

The Utilities' contributions to IPERS for the year ended June 30, 2019 totaled \$208,170.

Net Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – At June 30, 2019, the Utilities reported a liability of \$1,189,872 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Utilities' proportion of the net pension liability was based on the Utilities' share of contributions to IPERS relative to the contributions of all IPERS participating employers. At June 30, 2018, the Utilities' proportion was .0188026%, which was a decrease of .0002277% from its proportion measured as of June 30, 2017.

For the year ended June 30, 2019, the Utilities recognized pension expense of \$231,142. At June 30, 2019, the Utilities reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 4,694	33,674
Changes of assumptions	181,106	-
Changes in proportion and differences between Utility contributions and the Utilities' proportionate share of contributions	(266,824)	-
Net difference between projected and actual earnings on pension plan investments	144,993	(35,979)
Utilities' contributions subsequent to the measurement date	208,471	-
Total	<u>\$ 272,440</u>	<u>(2,305)</u>

\$208,471 reported as deferred outflows of resources related to pensions resulting from the Utilities contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2019 and 2018

6. PENSION PLAN - Continued

Year Ending June 30,	
2020	\$ 54,131
2021	36,984
2022	598
2023	(18,969)
2024	(6,470)
	<u>\$ 66,274</u>

There were no non-employer contributing entities at IPERS.

Actuarial Assumptions - The total pension liability in the June 30, 2018 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement, as follows:

Rate of inflation (effective June 30, 2017)	2.60% per annum
Rates of salary increase (effective June 30, 2017)	3.25 to 16.25%, average, including inflation. Rates vary by membership group.
Long-term investment rate of return (effective June 30, 2017)	7.00%, compounded annually, net of investment expense, including inflation
Wage Growth (effective June 30, 2017)	3.25% per annum, based on 2.60% inflation and 0.65% real wage inflation

The actuarial assumptions used in the June 30, 2018 valuation were based on the results of an economic assumption study dated March 24, 2017 and a demographic assumption study dated June 28, 2018.

Mortality rates used in the 2018 valuation were based on the RP-2014 Employee and Healthy Annuitant Tables with MP-2017 generational adjustments.

The long-term expected rate of return on IPERS' investments was determined using a building-block method in which best-estimate ranges of expected future real rates (expected returns, net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2019 and 2018

6. PENSION PLAN - Continued

Asset Class	Asset Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	22.0%	6.01%
International Equity	15.0	6.48
Global smart beta equity	3.0	6.23
Core Plus Fixed Income	27.0	1.97
Public Credit	3.5	3.93
Public Real Assets	7.0	2.91
Cash	1.0	(0.25)
Private Equity	11.0	10.81
Private Real Assets	7.5	4.14
Private Credit	3.0	3.11
Total	100%	

Discount Rate - The discount rate used to measure the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumed that employee contributions will be made at the contractually required rate and that contributions from the Utilities will be made at contractually required rates, actuarially determined. Based on those assumptions, IPERS' fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on IPERS' investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Utilities' Proportionate Share of the Net Pension Liability to Changes in the Discount Rate - The following presents the Utilities' proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Utilities' proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower (6.0%) or 1% higher (8.0%) than the current rate.

	1% Decrease (6.0%)	Discount Rate (7.0%)	1% Increase (8.0%)
Utilities' proportionate share of the net pension liability	\$ 2,019,452	\$ 1,189,872	\$ 493,979

IPERS' Fiduciary Net Position - Detailed information about IPERS' fiduciary net position is available in the separately issued IPERS financial report which is available on IPERS' website at www.ipers.org.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2019 and 2018

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

Plan Description - The City administers a single-employer benefit plan which provides medical, prescription drug and dental benefits for employees, retirees and their spouses. Group insurance benefits are established under Iowa Code Chapter 509A.13. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

OPEB Benefits - Individuals who are employed by the City and are eligible to participate in the group health plan are eligible to continue healthcare benefits upon retirement. Retirees under age 65 pay the same premium for the medical, prescription drug and dental benefits as active employees, which results in an implicit rate subsidy and an OPEB liability.

Retired participants must be age 55 or older at retirement. At June 30, 2019, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	3
Active employees	33
Total	<u>36</u>

Total OPEB Liability - The Utility's total OPEB liability of \$430,815 was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions - The total OPEB liability in the June 30, 2019 actuarial valuation was determined using the following actuarial assumptions and the entry age normal actuarial cost method, applied to all periods included in the measurement.

Rate of inflation (effective June 30, 2019)	2.60% per annum
Rates of salary increase (effective June 30, 2019)	3.25% per annum, including inflation
Discount rate (effective June 30, 2019)	3.51%, compounded annually, including inflation
Healthcare cost trend rate (effective June 30, 2019)	8.5% initial rate decreasing by .5% annually to an ultimate rate of 5.00%

Discount Rate - The discount rate used to measure the total OPEB liability was 3.51% which reflects the index rate for 20-year tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of the measurement date.

Mortality rates are from the SOA RPH-2017 total dataset mortality table fully generational using Scale MP-2017. Annual retirement probabilities are based on varying rates by age and turnover probabilities mirror those used by IPERS.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2019 and 2018

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB) - Continued

The actuarial assumptions used in the June 30, 2019 valuation were based on the results of an actuarial experience study with dates corresponding to those listed above.

Changes in the Total OPEB Liability

	Total OPEB Liability
Total OPEB Liability beginning of year	\$ 443,500
Changes for the year:	
Service cost	25,760
Interest	17,601
Differences between expected and actual experiences	(37,790)
Changes in assumptions	10,934
Benefit payments	(29,190)
Net changes	(12,685)
Total OPEB Liability end of year	\$ 430,815

Changes of assumptions reflect a change in the discount rate from 3.87% in fiscal year 2018 to 3.51% in fiscal year 2019.

Sensitivity of the Utilities' Total OPEB Liability to Changes in the Discount Rate - The following presents the total OPEB liability of the Utility, as well as what the Utility's total OPEB liability would be if it were calculated using a discount rate that is 1% lower (2.51%) or 1% higher (4.51%) than the current discount rate.

	1% Decrease (2.51%)	Discount Rate (3.51%)	1% Increase (4.51%)
Utilities' proportionate share of the OPEB liability	\$ 462,794	\$ 430,815	\$ 401,192

Sensitivity of the Utilities' Total OPEB Liability to Changes in the Healthcare Cost Trend Rates - The following presents the total OPEB liability of the Utility, as well as what the Utility's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1% lower (7.50%) or 1% higher (9.50%) than the current healthcare cost trend rates.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2019 and 2018

7. OTHER POSTEMPLOYMENT BENEFITS (OPEB) - continued

	1% Decrease (7.5%)	Healthcare Cost Trend Rate (8.5%)	1% Increase (9.5%)
Utilities' proportionate share of the OPEB liability	\$ 387,797	\$ 430,815	\$ 481,156

OPEB Expense - For the year ended June 30, 2019, the Utility recognized OPEB expense of \$16,504.

8. RISK MANAGEMENT

The Utility is a member in the Iowa Communities Assurance Pool, as allowed by Chapter 670.7 of the Code of Iowa. The Iowa Communities Assurance Pool (Pool) is a local government risk-sharing pool whose 778 members include various governmental entities throughout the State of Iowa. The Pool was formed in August 1986 for the purpose of managing and funding third-party liability claims against its members. The Pool provides coverage and protection in the following categories: general liability, automobile liability, automobile physical damage, public officials liability, police professional liability, property, inland marine and boiler/machinery. There have been no reductions in insurance coverage from prior years.

Each member's annual casualty contributions to the Pool fund current operations and provide capital. Annual casualty operating contributions are those amounts necessary to fund, on a cash basis, the Pool's general and administrative expenses, claims, claims expenses and reinsurance expenses estimated for the fiscal year, plus all or any portion of any deficiency in capital. Capital contributions are made during the first six years of membership and are maintained at a level by the Board not to exceed 300% of basis rate.

The Pool also provides property coverage. Members who elect such coverage make annual property operating contributions which are necessary to fund, on a cash basis, the Pool's general and administrative expenses, reinsurance premiums, losses and loss expenses for property risks estimated for the fiscal year, plus all or any portion of any deficiency in capital. Any year-end operating surplus is transferred to capital. Deficiencies in operations are offset by transfers from capital and, if insufficient, by the subsequent year's member contributions.

The Indianola Municipal Utilities' property and casualty contributions to the Pool are recorded as disbursements from its operating funds at the time of payment to the Pool. The Utilities' contributions to the Pool for the year ended June 30, 2019 were \$93,911 (2018 - \$84,699).

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2019 and 2018

8. RISK MANAGEMENT - Continued

The Pool uses reinsurance and excess risk-sharing agreements to reduce its exposure to large losses. The Pool retains general, automobile, police professional, and public officials' liability risks up to \$500,000 per claim. Claims exceeding \$500,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate. Property and automobile physical damage risks are retained by the Pool up to \$250,000 each occurrence, each location. Property risks exceeding \$250,000 are reinsured through reinsurance and excess risk-sharing agreements up to the amount of risk-sharing protection provided by the City's risk-sharing certificate.

The Pool's intergovernmental contract with its members provides that in the event a casualty claim, property loss or series of claims or losses exceeds the amount of risk-sharing protection provided by the member's risk-sharing certificate, or in the event that a casualty claim, property loss or series of claims or losses exhausts the Pool's funds and any excess risk-sharing recoveries, then payment of such claims shall be the obligation of the respective individual member against whom the claim was made or the loss was incurred.

The Utilities do not report a liability for losses in excess of reinsurance or excess risk - sharing recoveries unless it is deemed probable that such losses have occurred and the amount of such loss can be reasonably estimated. Accordingly, at June 30, 2019, no liability has been recorded in the Utilities financial statements. As of June 30, 2019, settled claims have not exceeded the risk pool or reinsurance company coverage since the Pool's inception.

Members agree to continue membership in the Pool for a period of not less than one full year. After such period, a member who has given 60 days' prior written notice may withdraw from the Pool. Upon withdrawal, payments for all casualty claims and claims expenses become the sole responsibility of the withdrawing member, regardless of whether a claim was incurred or reported prior to the member's withdrawal. Upon withdrawal, a formula set forth in the Pool's intergovernmental contract with its members is applied to determine the amount (if any) to be refunded to the refunded to the withdrawing member.

Indianola Municipal Utilities is a member of the Iowa Municipalities Workers' Compensation Association (the "Association"). The Association is governed by a board of directors elected by representatives of the governing bodies of each participating governmental jurisdiction. Indianola Municipal Utilities has executed a Worker's Compensation Coverage Agreement with the Association which extends through June 30, 2019 and has authorized the Association to issue general obligation bonds to provide funds with which to pay claims. During the year ended June 30, 2019, Indianola Municipal Utilities paid workers' compensation insurance premiums of \$27,391 (2018 - \$18,430) to the Association.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Financial Statements - Continued
June 30, 2019 and 2018

9. JOINTLY GOVERNED ORGANIZATIONS

The Indianola Municipal Utilities is a member-owner of the Municipal Energy Agency of Nebraska (MEAN), a joint action agency organized as a body corporate and politic under the laws of the State of Nebraska. MEAN's Power Supply System consists of ownership and contractual rights and interests in various electric generating and transmission resources and supplies. MEAN uses these to provide wholesale power supply, transmission, and ancillary services to its 65 participating municipal utilities. Each MEAN participant has entered into the Electrical Resources Pooling Agreement (ERPA) with MEAN, which provides for various service schedules.

IMU elected in 2009 to become a Total Requirements Participant and as such receives all power and energy from MEAN and entered Service Schedule M of the ERPA. As such, IMU has agreed to purchase its power and energy at rates sufficient (together with other MEAN revenues) to enable MEAN to pay all its net costs of MEAN's Power Supply System. Annual costs to be recovered and associated rates are evaluated annually by the MEAN Board of Directors. If imposed, IMU is also subject to a Purchased Energy Adjustment clause based on MEAN's actual cost of energy compared to those budgeted & collected through base rates during its fiscal year of April 30th - March 30th.

IMU's pro-rata share of net at-risk annual costs borne by Schedule M participants is subject to annual fluctuation based on demand and energy and are explicitly categorized as IMU annual operating expenditures. Long-term Power Supply Contracts are currently set to expire in 2041, after the final maturity of MEAN's 2008 Series A Bonds in 2039. IMU's obligation to MEAN beyond that date is contingent on its approval of any new debt to be issued by MEAN with a maturity date beyond that date.

The Indianola Municipal Utilities became a participant in the Central Minnesota Municipal Power Agency (CMMPA) Brookings-Twin Cities Transmission Project (CMMPA-Brookings Project) in 2011. CMMPA is a joint action agency formed under the laws of the State of Minnesota. The CMMPA-Brookings Project consists of 15 municipal utilities that agreed to pay pro-rated annual costs, net of transmission tariff revenue collected, related to CMMPA's fractional assigned ownership of transmission facilities commonly referred to as the CAPX2020 Brookings-Twin Cities Development Project. IMU's Election Share is 3.34% of the CMMPA-Brookings Project, which in total is 3.6% of the total CAPX2020 Brookings-Twin Cities Development Project. Any net costs associated with IMU's participation are explicitly categorized as annual operating expenditures.

10. PROSPECTIVE ACCOUNTING CHANGE

The Governmental Accounting Standards Board has issued Statement No. 84, Fiduciary Activities. This statement will be implemented for the fiscal year ending June 30, 2020. The revised requirements of this statement will enhance the consistency and comparability of fiduciary activity reporting by state and local governments by establishing specific criteria for identifying fiduciary activities and clarifying whether and how business-type activities should report their fiduciary activities.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Budgetary Comparison Schedule of Receipts, Disbursements
And Changes in Balances – Budget and Actual (Cash Basis)
Required Supplementary Information
Year Ended June 30, 2019

		Budget Amounts		Final
	Actual	Original	Final	to Actual Variance
Receipts				
Use of money and property	\$ 966,985	616,600	616,600	350,385
Charges for service	19,276,725	19,584,400	19,584,400	(307,675)
Special assessments	-	-	-	-
Miscellaneous	1,517,526	1,142,200	1,142,200	375,326
Total receipts	21,761,236	21,343,200	21,343,200	418,036
Disbursements				
Business type activities	25,797,576	27,553,933	27,553,933	1,756,357
Excess of receipts over (under) disbursements	(4,036,340)	(6,210,733)	(6,210,733)	2,174,393
Other financing sources				
Proceeds of debt	4,117,627	3,033,100	3,033,100	1,084,527
Excess of receipts and other financing sources over (under) disbursements and other financing uses	81,287	(3,177,633)	(3,177,633)	3,258,920
Balances, beginning of year	13,353,805	10,423,868	10,423,868	2,929,937
Balances, end of year	\$ 13,435,092	7,246,235	7,246,235	6,188,857

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Notes to Required Supplementary Information –
Budgetary Reporting
Year Ended June 30, 2019

In accordance with the code of Iowa, the Board of Trustees with the approval of the City Council annually adopts a budget on the cash basis following required public notice and hearing for all funds except Internal Service Funds and Fiduciary Funds. The annual budget may be amended during the year utilizing similar statutorily prescribed procedures.

Formal and legal budgetary control is based upon classes of disbursements known as functions not by fund. The Utilities' disbursements are budgeted in the business type activities function.

During the year ended June 30, 2019, disbursements did not exceed the amount budgeted.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Schedule of the Utilities' Proportionate Share of the Net Pension Liability

For the Last Five Years*

Required Supplementary Information

<u>Iowa Public Employees' Retirement System</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Utilities' proportion of the net pension liability	0.0188026%	0.0190302%	0.0181867%	0.0188792%	0.0193963%
Utilities' proportionate share of the net pension liability	\$ 1,189,872	\$ 1,267,653	\$ 1,144,548	\$ 932,725	\$ 769,238
Utilities' covered-employee payroll	\$ 2,205,191	\$ 1,845,476	\$ 1,643,057	\$ 1,517,301	\$ 1,501,680
Utilities' proportionate share of the net pension liability as a percentage of its covered-employee payroll	53.96%	68.69%	69.66%	61.47%	51.23%
IPERS' net position as a percentage of the total pension liability	83.62%	82.21%	81.82%	85.19%	87.61%

* In accordance with GASB No. 68, the amounts presented for each fiscal year were determined as of June 30 of the preceding fiscal year.

See accompanying independent auditor's report.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Schedule of Utilities Contributions

For the Last Ten Years

Required Supplementary Information

Iowa Public Employees' Retirement System

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Statutorily required contribution	\$ 208,170	164,801	146,725	135,495
Contributions in relation to the statutorily required contribution	<u>(208,170)</u>	<u>(164,801)</u>	<u>(146,725)</u>	<u>(135,495)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>
Utilities' covered-employee payroll	\$ 2,205,191	1,845,476	1,643,057	1,517,301
Contributions as a percentage of covered-employee payroll	9.44%	8.93%	8.93%	8.93%

See accompanying independent auditor's report.

<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
134,100	131,492	124,568	111,898	93,113	84,649
<u>(134,100)</u>	<u>(131,492)</u>	<u>(124,568)</u>	<u>(111,898)</u>	<u>(93,113)</u>	<u>(84,649)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
1,501,680	1,472,475	1,436,770	1,386,592	1,339,755	1,272,917
8.93%	8.93%	8.67%	8.07%	6.95%	6.65%

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Notes to Required Supplementary Information –
Pension Liability

Year Ended June 30, 2019

Iowa Public Employees' Retirement System

Changes of benefit terms:

Legislation enacted in 2010 modified benefit terms for Regular members. The definition of final average salary changed from the highest three to the highest five years of covered wages. The vesting requirement changed from four years of service to seven years. The early retirement reduction increased from 3% per year measured from the member's first unreduced retirement age to a 6% reduction for each year of retirement before age 65.

Changes of assumptions:

The 2018 valuation implemented the following refinements as a result of a demographic assumption study dated June 28, 2018:

- Changed mortality assumptions to the RP-2014 mortality tables with mortality improvements modeled using Scale MP-2017.
- Adjusted retirement rates.
- Lowered disability rates.
- Adjusted the probability of a vested Regular member electing to receive a deferred benefit.
- Adjusted the merit component of the salary increase assumption.

The 2017 valuation implemented the following refinements as a result of an experience study dated March 24, 2017:

- Decreased the inflation assumption from 3.00% to 2.60%.
- Decreased the assumed rate of interest on member accounts from 3.75% to 3.50% per year.
- Decreased the discount rate from 7.50% to 7.00%.
- Decreased the wage growth assumption from 4.00% to 3.25%.
- Decreased the payroll growth assumption from 4.00% to 3.25%.

The 2014 valuation implemented the following refinements as a result of a quadrennial experience study:

- Decreased the inflation assumption from 3.25% to 3.00%
- Decreased the assumed rate of interest on member accounts from 4.00% to 3.75% per year.
- Adjusted male mortality rates for retirees in the Regular membership group.
- Reduced retirement rates for sheriffs and deputies between the ages of 55 and 64.
- Moved from an open 30-year amortization period to a closed 30-year amortization period for the UAL (unfunded actuarial liability) beginning June 30, 2014. Each year thereafter, changes in the UAL from plan experience will be amortized on a separate closed 20-year period.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Notes to Required Supplementary Information –
Pension Liability – Continued

Year Ended June 30, 2019

Iowa Public Employees' Retirement System - Continued

Changes of assumptions - Continued:

The 2010 valuation implemented the following refinements as a result of a quadrennial experience study:

- Adjusted retiree mortality assumptions.
- Modified retirement rates to reflect fewer retirements.
- Lowered disability rates at most ages.
- Lowered employment termination rates
- Generally increased the probability of terminating members receiving a deferred retirement benefit.
- Modified salary increase assumptions based on various service duration.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES

Schedule of changes in the Utilities' Proportionate Share
of the OPEB Liability, Related Ratios and Notes

For the Last Two Years

Required Supplementary Information

	2019	2018
Service cost	\$ 25,760	29,982
Interest cost	17,601	13,139
Differences between expected and actual experiences	(37,790)	81,522
Changes in assumptions	10,934	(11,224)
Benefit payments	(29,190)	(13,769)
Net change in total OPEB liability	(12,685)	99,650
Total OPEB Liability beginning of year	443,500	343,850
Total OPEB Liability end of year	430,815	443,500
Utilities' covered-employee payroll	\$ 2,345,471	2,271,642
Utilities' proportionate share of the OPEB pension liability as a percentage of its covered-employee payroll	18.37%	19.52%

See accompanying independent auditor's report.

Notes to Schedule of Changes in the GAAP City's Total OPEB Liability and Related Ratios

Changes of benefit terms:

There were no significant changes in benefit terms.

Changes in assumptions:

Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period.

Year ended June 30, 2019	3.51%
Year ended June 30, 2018	3.87%
Year ended June 30, 2017	3.58%

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Schedule of Operations
Years Ended June 30, 2019 and 2018

	2019 ELECTRIC	2018 ELECTRIC	2019 WATER	2018 WATER
Operating revenues				
Utility service sales				
Residential	\$ 8,035,918	8,107,856	1,631,447	1,724,311
Commercial	3,339,665	3,405,987	626,839	591,653
Large industrial	989,538	1,012,080	-	-
Small industrial	1,714,118	1,650,578	-	-
Street lighting	191,523	194,527	-	-
Other public authorities	419,555	373,585	56,108	56,823
Interdepartment sales	217,427	175,022	12,655	14,967
	<u>14,907,744</u>	<u>14,919,635</u>	<u>2,327,049</u>	<u>2,387,754</u>
Capacity contract fees	636,073	542,596	-	-
Peaking power charges	81,729	39,015	-	-
Service installation fees	51,723	31,063	-	-
Fiber communication rental fees	-	-	-	-
Fiber lease	212,000	245,000	-	-
Transmission revenue	570,604	335,476	-	-
Sale of water meters	-	-	28,610	36,520
Other	48,000	7,208	-	-
Penalties	29,372	28,810	17,692	16,246
Total operating revenue	<u>16,537,245</u>	<u>16,148,803</u>	<u>2,373,351</u>	<u>2,440,520</u>
Operating and maintenance expenses				
Plant operation				
Salaries	36,365	49,885	288,510	317,483
Payroll tax	23,893	24,644	30,805	30,408
IPERS	16,665	18,224	56,750	66,518
Fuel	81,026	55,208	-	-
Utilities	35,870	36,340	153,338	163,363
Material and supplies	2,991	1,305	78,465	78,716
Other	8,841	12,923	19,454	14,966
	<u>205,651</u>	<u>198,529</u>	<u>627,322</u>	<u>671,454</u>
Plant maintenance				
Salaries	169,474	143,311	-	-
Payroll tax	4,742	3,083	-	-
IPERS	10,984	12,510	-	-
Maintenance and repairs	94,748	89,913	45,196	26,113
	<u>279,948</u>	<u>248,817</u>	<u>45,196</u>	<u>26,113</u>
Purchased energy	<u>9,454,149</u>	<u>9,803,641</u>	<u>-</u>	<u>-</u>
Depreciation	<u>1,573,020</u>	<u>1,429,722</u>	<u>626,015</u>	<u>612,537</u>

2019 FIBER	2018 FIBER	2019 JOINT UTILITY	2018 JOINT UTILITY	2019 TOTAL	2018 TOTAL
341,654	-	-	-	\$ 10,009,019	9,832,167
-	-	-	-	3,966,504	3,997,640
-	-	-	-	989,538	1,012,080
-	-	-	-	1,714,118	1,650,578
-	-	-	-	191,523	194,527
-	-	-	-	475,663	430,408
-	-	-	-	230,082	189,989
341,654	-	-	-	17,576,447	17,307,389
-	-	-	-	636,073	542,596
-	-	-	-	81,729	39,015
-	-	-	-	51,723	31,063
431,562	417,451	-	-	431,562	417,451
(212,000)	(245,000)	-	-	-	-
-	-	-	-	570,604	335,476
-	-	-	-	28,610	36,520
(48,000)	20,915	-	374	-	28,497
-	-	-	-	47,064	45,056
513,216	193,366	-	374	19,423,812	18,783,063
-	-	-	-	324,875	367,368
-	-	-	-	54,698	55,052
-	-	-	-	73,415	84,742
-	-	-	-	81,026	55,208
-	-	-	-	189,208	199,703
-	-	-	-	81,456	80,021
-	-	-	-	28,295	27,889
-	-	-	-	832,973	869,983
-	-	-	-	169,474	143,311
-	-	-	-	4,742	3,083
-	-	-	-	10,984	12,510
-	-	-	-	139,944	116,026
-	-	-	-	325,144	274,930
-	-	-	-	9,454,149	9,803,641
167,061	10,921	-	-	2,366,096	2,053,180

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Schedule of Operations - Continued
Years Ended June 30, 2019 and 2018

	2019 ELECTRIC	2018 ELECTRIC	2019 WATER	2018 WATER
Operating and maintenance expenses (continued)				
Distribution operation				
Salaries	96,990	95,123	-	-
Payroll tax	7,030	6,907	-	-
IPERS	12,665	14,518	-	-
Training	12,636	9,075	-	-
Communication services and programming	-	-	-	-
Materials and supplies	-	-	-	-
Other	40,054	25,803	-	-
	<u>169,375</u>	<u>151,426</u>	<u>-</u>	<u>-</u>
Distribution maintenance				
Salaries	671,259	649,623	150,272	132,512
Payroll tax	35,028	35,575	572	-
IPERS	81,823	96,463	1,088	-
Materials and supplies	306,254	221,870	310,681	78,028
Fleet operations and repairs	54,252	43,270	25,214	13,508
	<u>1,148,616</u>	<u>1,046,801</u>	<u>487,827</u>	<u>224,048</u>
Transmission operation and maintenance				
Salaries	3,302	4,756	-	-
Payroll tax	58	43	-	-
IPERS	664	742	-	-
Maintenance and repairs	24,993	2,852	-	-
Other	4,521	5,084	-	-
	<u>33,538</u>	<u>13,477</u>	<u>-</u>	<u>-</u>
Meter reading				
Salaries	23,306	24,439	23,214	25,424
Payroll tax	1,315	1,295	1,497	1,296
IPERS	2,595	3,058	2,617	3,088
Other	3,653	1,790	3,652	1,790
	<u>30,869</u>	<u>30,582</u>	<u>30,980</u>	<u>31,598</u>
Administrative and general				
Accounting and collections				
- transfer to IMU Joint Utility	342,936	166,728	92,565	49,699
In lieu of property taxes				
- transfer to City General Fund	833,500	675,300	68,900	68,700
Transfer to city for Clerk's operations	186,338	199,183	42,378	45,758
Insurance	81,747	163,286	27,278	29,022
Group Insurance	259,012	266,784	122,135	137,950
Salaries	-	58,996	-	15,568

2019 FIBER	2018 FIBER	2019 JOINT UTILITY	2018 JOINT UTILITY	2019 TOTAL	2018 TOTAL
406,938	104,898	-	-	503,928	200,021
27,369	6,245	-	-	34,399	13,152
17,763	4,501	-	-	30,428	19,019
2,367	4,549	-	-	15,003	13,624
850,504	86,920	-	-	850,504	86,920
145,030	25,336	-	-	145,030	25,336
41,460	8,926	-	-	81,514	34,729
<u>1,491,431</u>	<u>241,375</u>	<u>-</u>	<u>-</u>	<u>1,660,806</u>	<u>392,801</u>
-	-	-	-	821,531	782,135
-	-	-	-	35,600	35,575
-	-	-	-	82,911	96,463
-	-	-	-	616,935	299,898
-	-	-	-	79,466	56,778
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,636,443</u>	<u>1,270,849</u>
-	-	-	-	3,302	4,756
-	-	-	-	58	43
-	-	-	-	664	742
-	-	-	-	24,993	2,852
-	-	-	-	4,521	5,084
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>33,538</u>	<u>13,477</u>
-	-	-	-	46,520	49,863
-	-	-	-	2,812	2,591
-	-	-	-	5,212	6,146
-	-	-	-	7,305	3,580
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>61,849</u>	<u>62,180</u>
150,876	110,548	(586,377)	(326,975)	-	-
-	-	-	-	902,400	744,000
22,621	24,225	(116,127)	(112,724)	135,210	156,442
6,640	441	7,068	3,812	122,733	196,561
106,588	46,941	81,158	81,755	568,893	533,430
-	82,380	440,168	240,399	440,168	397,343

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Schedule of Operations - Continued
Years Ended June 30, 2019 and 2018

	2019 ELECTRIC	2018 ELECTRIC	2019 WATER	2018 WATER
Operating and maintenance expenses (continued)				
Administrative and general (continued)				
Payroll tax	-	4,506	-	1,189
IPERS	-	8,926	-	2,375
Professional fees	56,970	37,045	13,594	10,303
Legal fees and publications	13,772	9,041	4,015	1,249
Dues and subscriptions	38,950	40,619	-	630
Energy efficiency programs	46,761	45,310	-	-
Bad debts	64,194	140,524	8,201	22,824
Miscellaneous	12,910	22,645	10,117	14,894
	<u>1,937,090</u>	<u>1,838,893</u>	<u>389,183</u>	<u>400,161</u>
 Total operating expenses	 <u>14,832,256</u>	 <u>14,761,888</u>	 <u>2,206,523</u>	 <u>1,965,911</u>
 Income (loss) from operations	 <u>1,704,989</u>	 <u>1,386,915</u>	 <u>166,828</u>	 <u>474,609</u>
Nonoperating revenues (expenses)				
Interest on investments	203,022	180,868	45,315	32,788
Interest on loan to municipal water utility	9,805	16,242	(9,805)	(16,242)
Electric service fees	6,170	6,715	-	-
Connect charges	26,789	28,059	22,904	21,864
Cable franchise fees	19,935	25,380	-	-
Gain (loss) on sale or transfer of capital asset	-	5,533	-	-
Miscellaneous	79,890	158,676	57,076	72,088
Revenue capital loan note issuance costs	-	(88,838)	-	-
Interest expense	<u>(308,578)</u>	<u>(324,319)</u>	<u>(9,142)</u>	<u>(10,756)</u>
	<u>37,033</u>	<u>8,316</u>	<u>106,348</u>	<u>99,742</u>
 Net income (loss)	 <u>\$ 1,742,022</u>	 <u>1,395,231</u>	 <u>273,176</u>	 <u>574,351</u>

2019 FIBER	2018 FIBER	2019 JOINT UTILITY	2018 JOINT UTILITY	2019 TOTAL	2018 TOTAL
-	4,132	32,089	15,076	32,089	24,903
-	4,250	27,528	11,434	27,528	26,985
1,100	-	-	5,525	71,664	52,873
4,707	11,440	1,773	1,449	24,267	23,179
1,537	2,914	625	4,973	41,112	49,136
-	-	-	-	46,761	45,310
-	-	-	-	72,395	163,348
67,007	19,882	150,908	100,964	240,942	158,385
361,076	307,153	38,813	25,688	2,726,162	2,571,895
2,019,568	559,449	38,813	25,688	19,097,160	17,312,936
(1,506,352)	(366,083)	(38,813)	(25,314)	326,652	1,470,127
12,044	3,659	2,596	1,920	262,977	219,235
-	-	-	-	-	-
-	-	-	-	6,170	6,715
-	-	-	-	49,693	49,923
16,407	-	-	-	36,342	25,380
-	-	-	-	-	5,533
9,981	2,850	178	-	147,125	233,614
-	(289,555)	-	-	-	(378,393)
(332,409)	(101,936)	-	-	(650,129)	(437,011)
(293,977)	(384,982)	2,774	1,920	(147,822)	(275,004)
(1,800,329)	(751,065)	(36,039)	(23,394)	\$ 178,830	1,195,123



Shull, Schrum, McClaflin & Co., Inc.

certified public accountants

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Board of Trustees
Indianola Municipal Utilities
Indianola, Iowa

We have audited in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, the financial statements of the Indianola Municipal Utilities of the City of Indianola, Iowa, as of and for the year ended June 30, 2019, and the related Notes to Financial Statements, and have issued our report thereon dated February 25, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Indianola Municipal Utilities' internal control over financial reporting to determine the audit procedures appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Indianola Municipal Utilities' internal control. Accordingly, we do not express an opinion on the effectiveness of the Indianola Municipal Utilities' internal control.

A deficiency in internal control exists when the design or operation of the control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility a material misstatement of the Indianola Municipal Utilities' financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or combination of control deficiencies, in internal control which is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and, therefore, material weaknesses or significant deficiencies may exist that were not identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses in internal control. However, we identified a deficiency, described as item I-A-19 in Part I of the accompanying Schedule of Findings, we consider to be a significant deficiency.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Indianola Municipal Utilities' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, non-compliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of non-compliance or other matters that are required to be reported under Government Auditing Standards.

Comments involving statutory and other legal matters about the Utilities' operations for the year ended June 30, 2019 are based exclusively on knowledge obtained from procedures performed during our audit of the financial statements of the Utilities. Since our audit was based on tests and samples, not all transactions that might have had an impact on the comments were necessarily audited. The comments involving statutory and other legal matters are not intended to constitute legal interpretations of those statutes.

The Indianola Municipal Utilities' Responses to Findings

The Indianola Municipal Utilities' responses to findings identified in our audit are described in the accompanying Schedule of Findings. The Indianola Municipal Utilities' responses were not subjected to the auditing procedures applied in the audit of the financial statements and, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing and not to provide an opinion on the effectiveness of the Utilities' internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the Utilities' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

We would like to acknowledge the many courtesies and assistance extended to us by personnel of the Indianola Municipal Utilities during the course of our audit. Should you have any questions concerning any of the above matters, we shall be pleased to discuss them with you at your convenience.

Shull, Schrum, McClellan & Co., Inc.

February 25, 2020

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Schedule of Findings

Year ended June 30, 2019

Part I: Findings Related to the Financial Statements:

INTERNAL CONTROL DEFICIENCY:

I-A-19 Criteria - Management is responsible for establishing and maintaining internal control. A good system of internal control provides for adequate segregation of duties so no one individual handles a transaction from its inception to completion. In order to maintain proper internal control, duties should be segregated so the authorization, custody and recording of transactions are not under the control of the same employee. This segregation of duties helps prevent losses from employee error or dishonesty and maximizes the accuracy of the Utilities' financial statements.

Condition - One individual in the Utilities has control over check preparation, posting to and maintaining the general ledger, and reconciliation of the bank statements.

Cause - The Utilities has a limited number of employees and procedures have not been designed to adequately segregate duties or provide compensating controls through additional oversight of transactions and processes.

Effect - Inadequate segregation of duties could adversely affect the Utilities' ability to prevent or detect and correct misstatements, errors or misappropriation on a timely basis by employees in the normal course of performing their assigned functions.

Recommendation - The Utilities should review its control activities to obtain the maximum internal control possible under the circumstances utilizing currently available staff, including elected officials.

Response – We have reviewed procedures and plan to make the necessary changes to improve internal control.

Conclusion - Response accepted.

INSTANCES OF NON-COMPLIANCE:

No matters were noted.

CITY OF INDIANOLA, IOWA
INDIANOLA MUNICIPAL UTILITIES
Schedule of Findings (Continued)

Year ended June 30, 2019

Part II: Other Findings Related to Required Statutory Reporting:

- II-A-19 Certified Budget - Disbursements during the year ended June 30, 2019, did not exceed the amounts budgeted.
- II-B-19 Questionable Disbursements - No disbursements that we believe may not meet the requirements of public purpose as defined in an Attorney General's opinion dated April 25, 1979 were noted.
- II-C-19 Travel Expense - No expenditures of Utilities money for travel expenses of spouses of Utilities officials or employees were noted.
- II-D-19 Business Transactions – No business transactions between the Indianola Municipal Utilities officials or employees were noted.
- II-E-19 Bond Coverage - Surety bond coverage of Utilities officials and employees is in accordance with statutory provisions. The amount of coverage should be reviewed annually to ensure that coverage is adequate for current operations.
- II-F-19 Trustee Minutes - No transactions were found that we believe should have been approved in the Trustee minutes but were not.
- II-G-19 Deposits and Investments - No instances of non-compliance with the deposit and investment provisions of Chapter 12B and 12C of the Code of Iowa and the Utilities' investment policy were noted.
- II-H-19 Revenue Bonds and Notes – The requirements of the revenue bonds and notes resolutions were met during the year ended June 30, 2019.
- II-I-19 Telecommunications Services – No instances of non-compliance with Chapter 388.10 of the Code of Iowa were noted.

IMU Regular Downstairs

12. A. 2.

Meeting Date: 03/09/2020

Information

Subject

Consider approval of the Audit for Fiscal Year ending June 30, 2019.

Information

Simple motion is in order.

Fiscal Impact

Attachments

No file(s) attached.

Meeting Date: 03/09/2020

Information

Subject

Enter into closed session in accordance with Iowa Code Section 21.5(1)(j) to discuss the purchase or sale of particular real estate only where premature disclosure could be reasonably expected to increase the price the governmental body would have to pay for that property or reduce the price the governmental body would receive for that property.

Information

Roll call to go into closed session is in order.

Fiscal Impact

Attachments

No file(s) attached.
